

Pace

1997

Marketing Plan



Update

TRANSPORTATION LIBRARY

FEB 11 1998

NORTHWESTERN UNIVERSITY

TRAN
HE
5268 .C4
P115i

1997

Pace

1997

Marketing Plan

TRANSPORTATION LIBRARY

1998

NORTHWESTERN UNIVERSITY



Update

TRAN
HE
5268.C4
P115i

1997

Table of Contents

Please note: The 1997 marketing plan update builds upon the 1996 marketing plan. The significant revisions to the plan are contained in the Marketing Strategies, Communications, Research and Sales Plan sections.



Executive Summary	i
The Market	1
Introduction	1
Travel Markets	1
Journey-to-Work Market	3
Journey-to-Work Market Forecasts	8
Ridership Forecasts	10
The Customer (and Non-User)	13
Demographic Profiles	13
Commute Characteristics	17
Work Schedules and Job Types	19
Distance to Nearest Pace Stop	20
Connections to Other Transportation	21
Commute Behavior	22
Customer Loyalty	23
Customer Retention	24
Customer Loss	25
Attitudes and Lifestyles of Users and Non-Users	26
Awareness Levels and General Assessment	26
Trip Making Criteria, Importance, and Satisfaction Levels	27
Importance vs. Performance—The Gap Analysis	29
Subscription Bus	32
Vanpool	33
The Competition	35
Auto Market Share and Volume	35
Auto Commute Costs and Travel Time	37
Convenience	38
Auto Ownership Levels	40
Auto and Bus Commuters	43
The Service	45
Pace Performance by Market and Route Category	45
Individual Route Performance by Market and Type	48
Fixed Route Concentrations	50
Importance of Pace Service Features	51
Subscription Bus and Vanpool	52
Market Strategies	59
Market Assessment	59
Market Segment Strategies	62
Year 2000 Marketing Objectives	65
1997 Marketing Objectives	67
Marketing Strategies to Achieve Short Term Objectives—1997	68
Positioning	80
1997 Communications Plan	85
1997 Market Research Plan	97
1997 Sales Plan	101

Chart Index

TRAN
HE
5268, C4
P1151

The Market

Chart A.	Regional Trip Purpose/Pace Trip Purpose	2
Chart B.	Journey-to-Work Travel Market Segments	3
Chart C.	Journey-to-Work Trip Volume	4
Chart D.	Pace Ridership by Market	7
Chart E.	Pace Fixed Route Ridership Share of JTW Market	11
Chart F.	Fixed Route Ridership Gain (Loss) By Market	11

The Customer

Chart G.	Work Commute Travel Time by Market	18
Chart H.	Work Commute Distance (One Way) Trip Length (By Market)	18
Chart I.	Work Commute Weekly Cost By Market	19
Chart J.	Distance from Home to Nearest Stop (Percent)	20
Chart K.	Reasons for Dropping Pace	25
Chart L.	Pace Awareness Levels	27
Chart M.	Importance of Considerations in Selecting Commute Method	28
Chart N.	Pace Feature - GAP Analysis	29
Chart O.	Rating of Service Delivery Characteristics by Market	31
Chart P.	Subscription Bus Passenger Satisfaction	32

The Competition

Chart Q.	Auto Mode Share by Journey to Work Market 1980, 1990	35
Chart R.	Auto Versus Transit Volumes	36
Chart S.	Satisfaction Ratings for Buses Versus Cars	39
Chart T.	Pace Aware Non-User Gap Scores	40
Chart U.	Auto Ownership Level by Household City vs. Suburbs	41
Chart V.	Auto Ownership Levels-Pace Customers and Non-Users	41
Chart W.	Choice vs Captive Riders by Market	42
Chart X.	Percent of Customers That Also Drive to Work	43

The Service

Chart Y.	Market Served by Service Type (Average Daily Ridership)	45
Chart Z.	Market by Route Classification	46
Chart AA.	Pace Fixed Route \$ Subsidy Per Trip and Average Daily Ridership by Service Classification (Inner, Outer, Satellite, Rush, Feeder)	48
Chart BB.	Pace Fixed Route \$ Subsidy Per trip and Average Ridership By Market (Suburb-to-Suburb, Suburb-to-City, and City-to-Suburb)	49
Chart CC.	Pace Fixed Route \$ Subsidy Per Trip and Average Daily Ridership by Number of Markets Served (1 market, 2 markets, 3 markets)	49
Chart DD.	Importance of Features for Using Bus (Pace) For Commute	51
Chart EE.	Importance of Features by Market	52
Chart FF.	Subscription Bus Ridership by Market	53
Chart GG.	Vanpool Ridership by Market	56

Table Index

The Market		
Table 1.	City and Suburban Population and Employment 1980 to 1990	5
Table 2.	RTA System Ridership by Service Board—1980 vs. 1993	5
Table 3.	Average Daily Ridership Change—By Major Market (1989-1993)	6
Table 4.	Total Market Size and Pace Share	7
Table 5.	NIPC 2010 Forecast Population and Employment	8
Table 6.	CATS Forecast Daily Transit Trips—All Modes	8
Table 7.	Pace Journey-to-Work Market Size Forecast for 2000	9
Table 8.	Year 2000 Fixed Route Ridership Forecasts by Market	10
Table 9.	Annual Ridership Projections	12
The Customer		
Table 10.	User/Non-user Demographic Profiles	14
Table 11.	User/Non-user Demographic Profiles by Commute Market Segment	15
Table 12.	Predominant Customer Profile by Major Commute Market Segment	17
Table 13.	Other Transportation Currently Used For Work Commute In Addition to Pace	21
Table 14.	Other Transportation Currently Used For Work Commute More Than 4 Days Per Week (In addition to Pace)	22
Table 15.	Top Commute Choice Reasons	23
Table 16.	Percent of Customers Loyal to Pace Based on Future Use Likelihood	23
Table 17.	Customer Retention	24
Table 18.	Top Five Criteria of Commute Decision (Pace Users)	28
The Competition		
Table 19.	Auto vs. Pace Travel Time and Cost by Market	38
The Service		
Table 20.	Service Productivity (Passengers/Revenue Hour) By Route Classification	47
Table 21.	Subsidy per Passenger by Route Classification	47
Table 22.	Pace Fixed Route Ridership by Route Concentration	50
Marketing Strategies		
Table 23.	Potential Annual Ridership Year 2000 (New Initiatives)	65
Table 24.	Annual Ridership Goals by Market and Program (Average Daily Ridership)	66
Table 25.	1997 Marketing Objectives (Average Daily Riders)	67
Table 26.	Marketing Positioning (All Markets)	81
1997 Communication Plan		
Table 27.	1997 Communication's Budget	95
1997 Market Research Plan		
Table 28.	Market Research Project Summary—1997	100
1997 Sales Plan		
Table 29.	Marketing & Development 1997 Goals and Objectives	107

Executive Summary

The 1997 Marketing Plan update is based on the continuation of the marketing strategies identified in the 1996 plan. The plan primarily focuses on work commute trips which comprise 80% of Pace's customer base. The three major commute markets in which Pace provides service are defined as being the suburb-to-city, suburb-to-suburb, and city-to-suburb (or reverse) commute markets.

The following summarizes each major chapter in the plan:

The Market—Eighty percent of Pace's customers use the service to get to work. During the 1980's, the City lost 7.3% of its population and 6.2% of its employment base; meanwhile, the suburbs grew 9.3% in population and suburban employment increased 24.7%. The shift in population and employment has resulted in changes in commute patterns which do not bode well for transit. From 1980 to 1993, CTA lost 35.8% of its ridership and Metra lost 14.6%. Based on volume, the largest commute market in the region is now the suburb-to-suburb market which at 1.7 million a.m. work trips is nearly the size of the remaining markets (suburb-to-city, city-to-suburb and city-to-city) combined. Based on market trends and Pace's ridership composition by market, a baseline projection of Pace ridership of 41.4 million is forecast for the year 2000. This represents growth of just over 10% from 1995 levels, a compound annual rate of 1.65%. At this growth rate, Pace will lose market share as compared to 1990 in each major commute market.

The Customer—Recent market research reveals marketable differences between Pace customers in each major commute market. Customers in the suburb-to-city market are less transit dependent, earn higher incomes, are more likely to own a home, be married, and have been a Pace customer longer than customers in the suburb-to-suburb or city-to-suburb markets. Our highest female customer base (72%) is in the city-to-suburb market which also represents our largest minority population market (59% African American). Our city-to-suburb customers commute the longest distances (26.5 miles) and have the longest travel times (80 minutes) of any Pace commuter group. A large proportion of our customers also use the CTA (43.8%) and Metra (15.4%) on a regular basis. A significant number (7.7%) also use their autos five days per week, in addition to using Pace.

Our customers are very loyal with an average retention period of 5.5 years. The main reasons for leaving Pace are related to the purchase of a car and moving or switching jobs. Pace receives high overall marks for its service, with users rating Pace an 8.4 on a scale of 1 to 10. Non-users also rated Pace fairly well at 7.35. Customers in each market place different levels of importance and satisfaction on the various aspects of Pace service, with suburb-to-city customers being more concerned with schedule dependability and less concerned with cost; city-to-suburb commuters being more concerned with convenience and cost than our other customers. A "gap analysis" which compares Pace's performance to the relative importance of service delivery aspects indicates Pace is not meeting customer expectations in several key areas such as ease of use, shelters and stop locations, while we exceed expectations in terms of vehicle comfort and appearance.

The Competition—Automobiles command 80% of the journey-to-work commute market, their lowest share, 71%, is in the suburb-to-city market, the highest, 95%, in the suburb-to-suburb market. Autos actually gained market share from transit (4 points) in the suburb-to-city market during the 1980's. Auto commute costs are perceived to be about equal to transit costs by auto commuters. Auto commuters typically underestimate their commute costs considering only fuel and parking; they often view ownership costs as being fixed and independent of their commute cost. Auto travel times are less than half that of transit in the suburb-to-suburb and city-to-suburb markets, and are comparable in the suburb-to-city market. Ninety three percent (93%) of suburban households own at least one car, while 34% of City households do not have a car. Less than half (47%) of Pace customers do not have a car available (captive), while 53% do have a car and choose Pace for other reasons. Our highest captive market is in the city-to-suburb market at 62%, our lowest captive share is in the suburb-to-city market at 36%.

The Service—The majority (72%) of Pace's fixed route ridership is carried by our inner suburban route service classification. The inner suburban route group is our best performing with many routes serving all three markets. The inner suburban group carries more passengers in each market than any other route category. Evaluated in terms of subsidy per trip and average daily ridership, our inner suburban routes are our best performers in the suburb-to-city market, the feeder route category contains the poorer performers in this market. Our inner suburban suburb-to-suburb service performs well, while rush hour only routes in this market do not. Similarly, in the city-to-suburb market, the best performing routes also serve the in-bound market, while the least effective routes serve only the reverse market. Our top 25 fixed routes carry 50% of our ridership.

Subscription bus service is subject to limited opportunities, largely a function of employer relocations and subscription routes may have limited lifetimes of 5 to 6 years. Eighty percent (80%) of our vanpools are in the suburb-to-suburb market, and the remaining 20% in the city-to-suburb market. Vanpool performs well in both markets and does not appear to be dependent on employer relocations.

Marketing Strategies—An assessment of Pace's position in each market reveals our strongest competitive position is in the suburb-to-city market. While the suburb-to-suburb and city-to-suburb markets exhibit greater growth potential, they are more difficult to serve cost effectively. The guiding strategy for each market is identified as follows:

Suburb-to-City—Become more focused on efficient elements, eliminate low productivity elements, reinvest in high-potential services.

Suburb-to-Suburb—Extend and develop suburb-to-suburb commute options where productivity is good, lower the cost of service via capital investment or direct operation, heavily promote low cost, high recovery services such as vanpool.

City-to-Suburb—Build reverse commute elements of inner suburb, multiple market routes. Market fixed-route (reverse connections) to CTA. Identify more efficient service opportunities such as express bus, subscription bus and vanpools within City origins.

These strategies are further developed via a quantitative forecast of ridership by market for each year through 2000. The 1997 marketing objectives call for Pace to increase average daily ridership by 3,645 customers or about 2.5%. Strategies for increasing ridership in each market are identified and are too numerous to summarize here. They generally center around increasing existing customer retention and utilization and attracting new customers.

The 1997 Communications Plan—The plan is designed to carry out the marketing plan strategies for communication and promotion. Television, radio and newspaper advertising will be used to reach target audiences in all three markets. A new television commercial will be produced in 1997 that emphasizes the benefits of Pace services that are important to our customers in all three markets. We will also use this as an image building device for our employees. We will continue our outreach efforts to the Hispanic market with targeted ads (radio, print) and bilingual schedules will be produced for routes in areas with high Hispanic populations. We will use our newly created passenger database for direct mail promotions and implement up to 100 shelters under the ad shelter program. The special events services program will be expanded to include the Auto Show and other high draw City events. We will also expand the customer information (fares, schedules, etc.) that is available on the Internet. The communication's budget for 1997 is \$1.1 million.

The 1997 Research Plan—The plan supports the marketing plan research objectives and also identifies ongoing research projects. Key projects for 1997 include the Customer Satisfaction Index Program which becomes operational in January, 1997. Other significant projects include Phase II of the 1996 user survey. (In November 1996, over 17,500 customers were surveyed in Phase I; a report will be available in early 1997.) We will also update customer information for Title VI reporting purposes and conduct the second companywide employee satisfaction/attitude survey.

The 1997 Sales Plan—The sales plan identifies specific activities and efforts that the Marketing and Development staff will conduct to support the implementation of the marketing plan. Key elements include continued employer outreach, design of employer subsidy programs utilizing the new farebox technologies, and the implementation of special fare programs. For 1997, we will distribute two new promotional videos, one targeted at relocating employers and one which promotes the design and site planning review program. Opportunities to expand the reverse commute market via the implementation of additional services with Suburban Job Link will be pursued. Additional emphasis will be placed on the Hispanic reverse commute market for vanpools as well.

The Market

Introduction

Pace ridership for 1995 finished the year at 37.2 million trips or about 1.0 million trips less than the ridership level for 1980—while suburban population and employment grew at rates of 9.3% and 24.7% respectively from 1980 to 1990. In order to better understand why Pace ridership has not kept up with suburban growth, it is important to evaluate and understand the travel markets served by Pace and the impact shifts in population and employment have had on the system.

Travel Markets

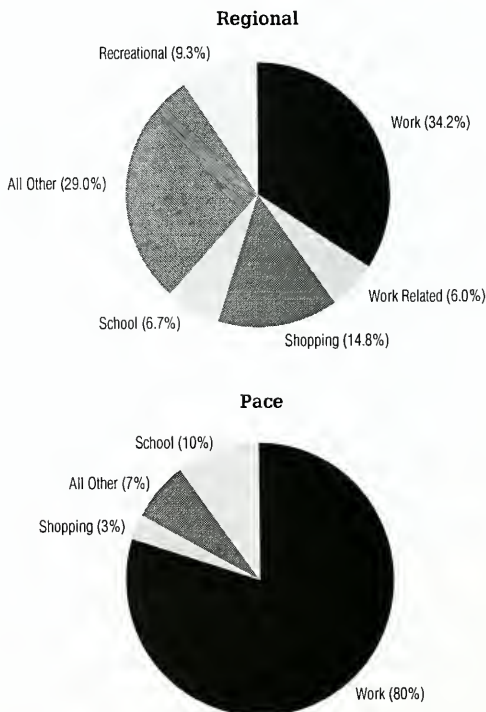
The total daily travel market in Northeastern Illinois is estimated at 18 million trips in 1990. Of these trips, approximately 6.0 million or 34% consisted of travel to and from work. The journey-to-work travel market is the single largest travel market segment in the region. During peak rush periods, it is estimated that 80% of the individuals travelling are commuting to or from work. Because of its size and relative stability, the journey-to-work market represents the primary market opportunity for transit service. Nationally, approximately 55% of the trips taken on transit are work related. For Pace the figure is near 80%. Because the work trip is our primary market, this marketing plan will primarily focus on the work trip market. Before doing so, however, the school and shopping trip travel markets are reviewed as these markets respectively represent 10% and 3% of our total ridership.

Regionally, school trips represent 6.7% of the total travel market and represent 10% of Pace's ridership. Several Pace divisions, particularly the satellite divisions of Heritage, Fox Valley and North, have much higher student ridership levels. In many respects, school trips are similar to work trips in terms of being routine, predictable trips to a specific location. Additionally, many students are transit captives and do not have a choice in commute options. These factors make school trips an important secondary market for Pace. On the downside, Pace is limited by federal regulations as to how school trips can be provided (schools cannot receive direct dedicated service) and fares for students have typically been set at one-half the regular fare which reduces the yield from this market.

The second largest regional travel market segment is comprised of shopping trips. As these trips are for the most part random in terms of time, frequency and destination, they do not represent a primary market for transit; less than 10% of transit trips nationally are for shopping purposes. For Pace, the figure is approximately 3%. However, shopping trips can contribute significant ridership to regular fixed-route services that serve shopping centers. Shopping ridership comprises the bulk of off-peak and weekend service on a number of Pace routes that connect to shopping centers and adds to the perceived value of the Pace service. Further, as many shopping centers are located in highly developed suburban activity areas, many shopping centers tend to serve as "ad hoc" transit hubs in the suburbs. As such, they provide opportunities for making route transfer connections in addition

to the trips generated by the center for shopping or work purposes. A survey conducted at Woodfield Mall indicated that 78% of the riders disembarking at the mall during the P.M. peak period were doing so for purposes of connecting to other routes or to continue their trip by other means; 22% indicated the mall was their destination. This serves to illustrate the fact that while shopping trips are not a primary market for Pace, shopping centers can be valuable as transfer centers in the absence of transit infrastructure. The following pie charts display the percentage shares of the total regional travel market by trip purpose and Pace's market share by trip purpose.

Chart A. Regional Trip Purpose (Top)/Pace Trip Purpose (Bottom)



Data Source

Regional Trip Purpose - CATS 1990 Household Travel Survey Data as Reformulated by Pace
by Market Research

Pace Trip Purpose - Pace 1989 User Survey

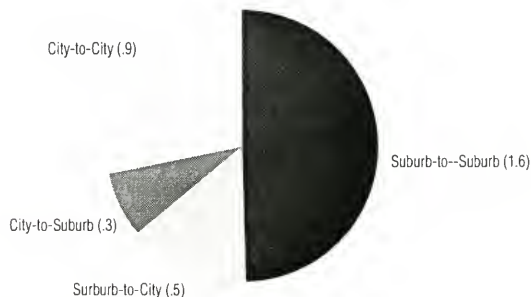
Pace's primary market is the journey-to-work market. School trips represent our second largest market and should be considered a secondary market. Similarly, shopping trips represent our third largest identified market segment and can be considered a tertiary market. Lastly, recreational trips which make up 9.3% of regional travel but an insignificant amount of Pace travel should be considered for their limited market opportunities.

Journey-to-Work Market

The journey-to-work (JTW) market represents the largest and best opportunity for transit services. Typical transit services in this market connect employment concentrations, usually the CBD, with city and suburban residential locations. As population and employment have shifted to the suburbs, this traditional commute market has become less significant in terms of travel volumes, though it still represents transits' most efficient market. Of greater concern to Pace are the impacts the population and employment shifts have had on suburb-to-suburb and city-to-suburb or "reverse" commuting.

By examining travel demand for several major JTW market segments, some insights can be gained as to the reasons for Pace's stable performance and opportunities can be identified to increase ridership. For purposes of this marketing plan, Pace services are categorized into one of three major travel markets: suburb-to-suburb, suburb-to-city, and city-to-suburb. These three markets along with the city-to-city travel market essentially comprise the total work-trip market for the region. They are represented graphically by the following chart.

Chart B. Journey-to-Work Travel Market Segments* (In Millions of A.M. Trips)



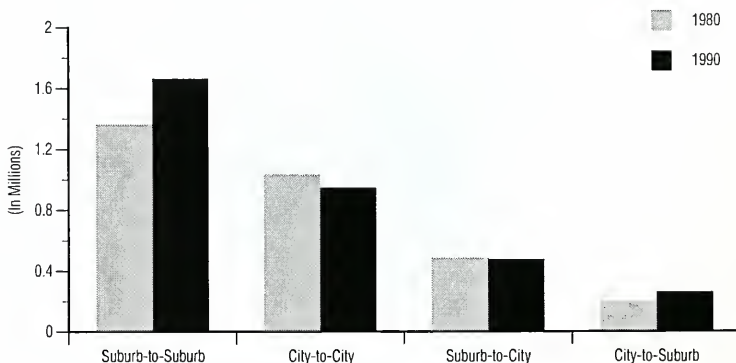
* Based on 1990 census Transportation Planning Package data.

¹ Pace also serves a small city-to-city commute market incidental to its primary suburban market orientation; for purposes of this plan, the city-to-city market will be considered an element of the suburb-to-city market.

Data for the journey-to-work trip market will be used to describe trip volumes and Pace market shares. There are two reasons for this; first, census origin-destination data is available for this market which is not available for the total trip market and second, nearly 80% of Pace passengers use the service to get to work.

Of these major market segments, the suburb-to-suburb commute market is by far the largest and is approximately equal to the other three markets combined. Also between 1980 and 1990, the suburb-to-suburb commute market grew by over 300,000 a.m. trips, making it the fastest growing of the major commute markets. Growth in trip volume for each major market is represented on the following graph.

Chart C. Journey-to-Work Trip Volume (By Major Market 1980 vs 1990)



As represented in the previous chart, city-related travel markets (both city-to-city and suburb-to-city) experienced minor declines and could best be described as being stable, while the suburb-to-suburb trip market grew by 22% and the much smaller city-to-suburb market grew by nearly 33%.

The primary factors which underlie the changes in travel market volumes have been the shifts in regional population and employment. Between 1980 and 1990, the City's population and employment base declined by 7.3% and 6.2% respectively.

Table 1. City and Suburban Population and Employment 1980 to 1990 (000's)

	1980	1990	Change Amount / %
Chicago			
Population	3,005	2,784	(221) / (7.3%)
Employment	1,467	1,376	(91) / (6.2%)
Suburban			
Population	4,075	4,454	379 / 9.3%
Employment	1,734	2,164	430 / 24.7%
Total			
Population	7,080	7,238	158 / 2.2%
Employment	3,201	3,540	339 / 10.6%

Growth in suburban population, 9.3%, and employment, 24.7%, offset losses in city population and employment for net regional population and employment gains of 2.2% and 10.6% respectively.

These population and employment shifts have had a direct impact on the utilization of the regions' transit services provided by CTA, Metra and Pace.

Table 2. RTA System Ridership by Service Board—1980 vs. 1993 (Millions)

	1980	1993	Amount / %	Primary Markets
CTA	696.7	446.7	(250.0) / (35.8%)	C-C, S-C
Metra	81.9	69.9	(12.0) / (14.6%)	S-C
Pace	38.2	38.3	.1 / 0.2%	S-S, S-C

The CTA and Metra which serve primarily City oriented travel markets both experienced declines in ridership. Pace's ridership remained stable over this period; it is believed that the stability is the result of growth in Pace's suburb-to-suburb and city-to-suburb ridership which has offset losses (similar to CTA and Metra) in the suburb-to-city market.

While no 1980 market segment ridership data exists for Pace services, this conclusion can be supported by applying market segmentation information from the user survey Pace conducted in 1989 to route level ridership data for the period of 1989 through 1993. In general, those routes that primarily serve suburb-to-city trips have experienced a decline of 6.6% over the five year period while routes serving suburb-to-suburb trips have increased by 1.3%; also, city-to-suburb trips have increased by 7.3% for the same period.

When ridership gains resulting from new routes implemented during this period are not considered, the loss in suburb-to-city ridership increases to 7.3%. Further, an evaluation of the ridership performance on ten of Pace's heaviest utilized routes show a 5% decline for the five year period 1988 to 1993; these routes primarily serve the suburb-to-city market. The following table summarizes this data.

Table 3. Average Daily Ridership Change—By Major Market (1989 to 1993)

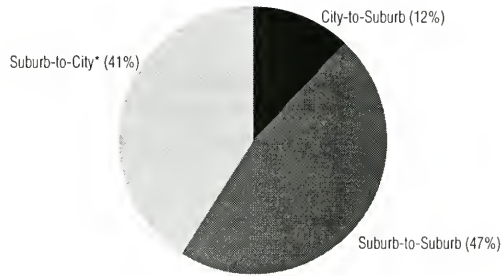
	All Fixed Route Services*	All Routes Exclusive of Route Additions	Top Ten Routes
Total	-1.1%	-2.9%	-5.0%
Suburb-to-Suburb	1.3%	0.0%	-4.9%
Suburb-to-City	-6.6%	-7.3%	-7.6%
City-to-Suburb	7.3%	0.5%	2.7%

* Excludes Subscription Routes

The losses in the suburb-to-city market are of great concern as this market represents approximately 41% of Pace's total ridership volume. Further, Pace's inner suburban routes, which are our most cost-efficient services, provide the majority of this service. Of additional concern is the relatively flat performance in the suburb-to-suburb market, where most of the regional travel growth has taken place. Pace ridership has not kept up with market growth in the suburb-to-suburb market as the growth has taken place in lower-density, outlying areas while the majority of our routes are in the inner suburbs. The following graph depicts the market composition of current Pace customers.

Chart D. Pace Ridership by Market

(Based on 1989 User Survey Data)



**Includes City-to-City ridership of approximately 4%*

Considering Pace ridership as a share of the journey-to-work trip market reveals that Pace has its highest market share, 5.5%, in the suburb-to-city market. This is consistent with other data which indicates transit's best market is the CBD where transit has an approximate 75% market share. Pace's market share in the suburb-to-suburb market is 1.9% and 3.3% in the city-to-suburb market. Pace market share is shown on the following chart.

Table 4. Total Market Size and Pace Share

(Based on 1990 Census Journey-to-Work Data*)

	Total Market Size	Pace Ridership Volume*	Pace Market Share
Suburb-to-City	482,647	26,634	5.5%
Suburb-to-Suburb	1,663,362	32,334	1.9%
City-to-Suburb	261,600	8,694	3.3%

**All Pace trips including non-work trips which comprise about 20% of Pace ridership.*

Journey-to-Work Market Forecasts

No official forecasts exist for journey-to-work data which can be used for planning purposes. However, NIPC 2010 forecast population and employment data by county is available. Also CATS has forecasted travel demand by county for the year 2010. Based on this information, projections for market growth can be developed which model varying growth scenarios. The available population and employment forecasts for 2010 are summarized on the following chart.

Table 5. NIPC 2010 Forecast Population and Employment (000's)

	1990	2010	Change Amount / %
Chicago			
Population	2,784	3,155	371 /13.3%
Employment	1,498	1,683	185 /12.3%
Suburban			
Population	4,454	5,173	719 /16.1%
Employment	1,948	2,896	948 /48.7%
Total			
Population	7,238	8,328	1,090 /15.1%
Employment	3,446	4,579	1,133 /32.9%

The NIPC 2010 projections for City population and employment anticipates a reversal of the 30 year trend (1960 to 1990) of declining population and employment in the City. The growth in population and employment is expected to fuel further growth in transit trips. CATS projects a 20% increase in transit trips between 1980 and 2010. These projections are provided on a county level basis and do not identify the City independently of Cook County.

Table 6. CATS Forecast Daily Transit Trips—All Modes (000's)

	1980	2010	Change Amount / %
Cook	1,383	1,639	256 /18.5%
DuPage	32	52	20 /62.5%
Kane	6	10	4 /66.6%
Lake	12	18	6 /50.0%
McHenry	4	6	2 /50.0%
Will	5	9	4 /80.0%
Total	1,442	1,734	292 /20.2%

The CATS forecast for 2010 transit demand is based on the assumption that transit will maintain an 8% market share of all auto and transit trips as was the case in 1980. However, between 1980 and 1990, transit's share of journey-to-work trips has declined from 18.2% to 15.0%, a 21% decrease. (In 1980, journey-to-work trips comprised approximately 32.5% of the total trip market.) Further, Pace's ridership experience from 1980 to 1990 indicates also that we did not maintain a stable market share during the period.

Because these official forecasts of population and transit demand either anticipate a reversal of long-term trends (as in the case of NIPC's City population and employment forecast) or the stability of 1980 transit market shares which have already eroded (as in the case of the CATS 2010 transit demand forecast), it is prudent to consider other scenarios which are less favorable to transit. By doing so, we can develop a marketing plan which works to maximize share in light of the continuation of adverse conditions. If conditions improve (as the NIPC/CATS forecasts suggest), so much the better; we will exceed plan expectations.

Table 7. Pace Journey-to-Work Market Size Forecast for 2000 (000's)

	1980	1990	Change Amount	1980-1990 Percent	CAGR	Projected 2000	CAGR
City							
Population	3,005	2,784	-221	-7.354%	-0.761%	2,739	-0.163%
Employment	1,467	1,376	-91	-6.203%	-0.638%	1,376	0.000%
Suburban							
Population	4,075	4,454	379	9.301%	0.893%	4,831	0.815%
Employment	1,734	2,163	429	24.740%	2.235%	2,689	2.200%
Total							
Population	7,080	7,238	158	2.232%	0.221%	7,570	0.447%
Employment	3,201	3,539	338	10.559%	1.009%	4,065	1.384%
Work Trips (A.M.)							
Sub-City	475	482	7	1.474%	0.146%	482	0.000%
Sub-Sub	1,363	1,663	300	22.010%	2.009%	2,067	2.200%
City-Sub	197	262	65	32.995%	2.892%	326	2.200%
City-City	1,033	948	-85	-8.228%	-0.855%	948	0.000%
Total A.M. Work Trips	3,068	3,355	287	9.355%	0.898%	3,819	1.303%

Work Trips Assumptions

Sub-City 1990 suburb-to city trips as % of city employment applied to future city employment

Sub-Sub 1990 suburb-to suburb trips as a % of suburban employment applied to forecast suburban employment

City-Sub 1990 city-to-suburb trips as a % of suburban employment applied to forecast suburban employment

City-City 1990 city-to-city trips as a % of city employment applied to forecast city employment

The Pace journey-to-work market size forecast for the year 2000 is based on city and suburban population projections provided by INFOMARK®, a demographic data base which Pace has access to. The INFOMARK® projections for 1998 were extrapolated to the year 2000 at the same annual rates of growth forecast for the 1990 to 1998 period. Suburban employment projections were based on the assumption that the growth rates experienced in the 1980's would continue through the 1990's. City employment is assumed to remain stable at 1990 levels (no further decline). Based on these population and employment projections and the assumptions identified at the bottom of the preceding chart, journey-to-work travel volume projections for the year 2000 have been established.

Ridership Forecasts

Based on the projected journey-to-work market segment volumes for the year 2000, a status quo forecast of Pace fixed-route ridership can be developed. The key assumption underlying this forecast is that the compound annual growth rate (CAGR) of fixed route ridership by market segment (suburb-to-suburb, suburb-to-city, city-to-suburb) experienced during the five year analysis period of 1989-1993 will continue through the year 2000. During this period, suburb-to-city ridership declined at a rate of .46% annually while suburb-to-suburb and city-to-suburb ridership grew at compound rates of 1.5% and 2.1% respectively. These assumptions do not yield equal CAGR's to 2000 as ridership losses in 1994 and 1995 have also been factored in. The following table presents the weekday fixed route ridership forecast by market for the year 2000.

Table 8. Year 2000 Fixed Route Ridership Forecasts by Market (000's) (Daily A.M. Trips)

	Suburb-To-Suburb			Suburb-To-City			City-To-Suburb			Total	Annual Riders
1990											
Market Size/CAGR	1,663.0	2.00%		482.0	0.15%		262.0	2.89%		2,407.0	
Pace Size/Share %/CAGR	32.3	1.94%	1.50%	26.6	5.53%	-0.46%	8.7	3.32%	2.10%	67.7	35,184.2
New Riders/%											
1993											
Market Size/CAGR	1,775.0	2.20%		482.0	0.00%		280.0	2.24%		2,537.0	
Pace Size/Share %/CAGR	30.4	1.71%	-2.02%	23.7	4.92%	-3.81%	8.5	3.03%	-0.77%	62.6	32,560.1
New Riders/%	(1.9)	-5.93%		(2.9)	-11.00%		(0.2)	-2.29%			(2,624.2)
Base 2000											
Market Size/CAGR	2,067.0	2.20%		482.0	0.00%		325.9	2.20%		2,874.9	
Pace Size/Share %/CAGR	33.8	1.63%	1.31%	21.6	4.48%	-1.16%	9.8	3.01%	+1.84%	65.2	33,890.4
New Riders/%	3.3	10.98%		(2.1)	-8.91%		1.3	15.66%		2.6	1,330.4

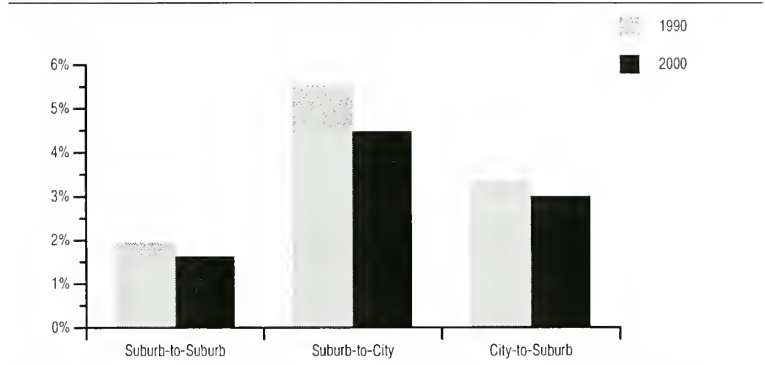
Assumptions:

Pace CAGR by market based on 1989-1993 segmentation data adjusted for fare increases resulting in CAGR'S of 1.5% S-S, -.46% S-C, 2.1% C-S.

The forecast indicates that Pace could expect weekday fixed-route ridership to increase by 1.3 million passengers or 4.1% for the seven year period 1994-2000 while essentially maintaining status quo service levels. However, our growth does not keep up with the rate of growth in the suburb-to-suburb and city-to-suburb markets and, therefore, our market share continues to decline in these markets.

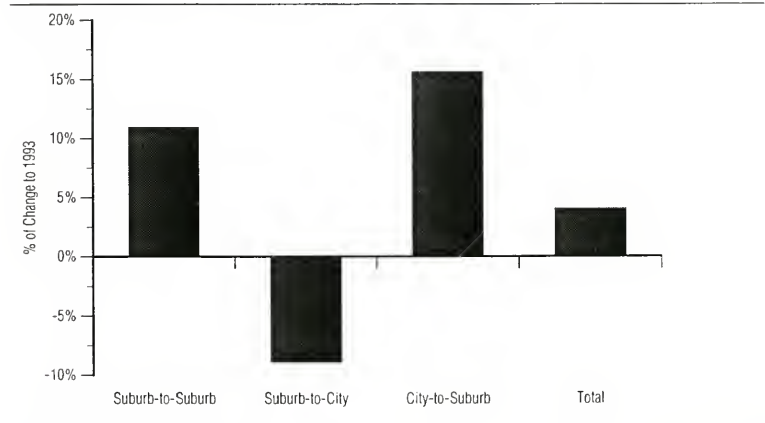
Market share data for 1990 and the forecast for year 2000 are displayed graphically on the following chart.

Chart E. Pace Fixed Route Ridership Share of JTW Market



The following chart displays year 2000 forecast ridership impacts by market.

Chart F. Fixed Route Ridership Gain (Loss) By Market



In order to use this weekday fixed route ridership forecast for the year 2000 to develop a total ridership forecast for Pace, it is necessary to add weekend fixed route ridership, paratransit ridership (including ADA) and vanpool ridership forecasts. This information is presented on the following table.

Table 9. Annual Ridership Projections (000's)

	Fixed Route		Paratransit		Vanpool	Total
	Weekday	Weekend	DAR	ADA		
1993	32,560	3,900	1,322	254	354	38,390*
1998	32,946	3,900	1,388	404	1,377	40,015
2000	33,890	3,900	1,414	432	1,782	41,419

*1993 modeled ridership is slightly off to actual (by less than .3%).

Total ridership is projected to reach 41.4 million by the year 2000 based on the following assumptions:

- stable weekend fixed route ridership
- annual D-A-R rider growth of just under 2%
- ADA rider growth as per plan (approx. 8% annual)
- A vanpool rider growth based on adding 50 vans per year

As Pace has set a goal of reaching 45 million passengers by the year 2000, the projected "planning gap" between the status quo forecast and this goal is 3.6 million passengers. This marketing plan will identify some of the opportunities, activities and strategies Pace can pursue to close this gap; however, it is not intended to provide all the answers on how to reach the goal. Over the next few years, Pace staff will develop the programs necessary to realize the goal. The purpose of the marketing plan is to provide a market based context which can be used to establish priorities and guide decisions by establishing a link to Pace's strategic objectives.

The Customer (and Non-user)

Since our inception in 1985, Pace has conducted three major customer surveys and one significant non-user survey. In 1995, Pace completed a comprehensive user and non-user research study focused on work trip commuters segmented by major travel markets, suburb-to-suburb, suburb-to-city and city-to-suburb. Whereas our previous customer research efforts identified a customer base which very much reflected the population in general, our latest effort has identified numerous differences between our customers by market and non-users in those same markets. A number of these differences are significant from a marketing perspective and provide a basis from which we can identify marketing strategies relevant to the customers in a given market segment.

Our latest research effort focused only on the work commuters which comprise 80% of our ridership. Because of the work trip focus, it is expected that there will be demographic differences between this research and prior studies (which included students, shoppers, etc.). Unlike prior studies, however, the latest research provides a parallel assessment of users and non-users and, most importantly, it is provided by market.

Background on the 1995 User/Non-User Study

As an essential element in the development of this marketing plan, Pace, in conjunction with our marketing agency (BBDS), engaged the firm of Sorkin-Enenstein Research Services to conduct in-depth interviews of a statistically valid sample size of both Pace customers (users) and non-users. The quantitative study component was comprised of 600 telephone interviews with 300 Pace customers and 300 non-users proportionally distributed (by ridership levels) throughout Pace's fixed route service markets. Each group (users/non-users) was further broken down proportionally by market segment, suburb-to-suburb, suburb-to-city, and city-to-suburb.

The balance of this chapter on our customers (users) and non-users is based on this research.

The summary demographic profile of Pace users and non-users in all markets as developed by the research is presented on the following table:

Table 10. User/Non-user Demographic Profiles

	All Markets	
	Users	Non-users
Age in Years:		
Group Median	39.1	39.0
Sex:		
Male	41%	46%
Female	59%	54%
Marital Status:		
Married	36%	59%
Single, never married	46%	27%
Divorced, widowed or separated	18%	14%
Education in Years:		
Average Mean	14.2	14.6
Total Annual Household Income		
Before Taxes:		
Grouped Median (000)	\$33.7	\$44.7
Home Ownership:		
Own	40%	57%
Rent	60%	43%
Auto Ownership		
None	26%	3%
One	38%	31%
Two or more	36%	66%
Ethnic Background:		
African American	40%	8%
American Indian		1%
Hispanic	4%	5%
Asian	2%	3%
Caucasian	50%	81%
Other	3%	2%

Demographic differences between users and non-users are noted in the following areas:

- Pace users are more likely to be female
- Pace users are more likely to be single
- Pace users have significantly lower household incomes
- Pace users are significantly less likely to own their homes
- Pace users are less likely to own automobiles
- Pace users are significantly more likely to be African American

To a certain extent, many of the demographic differences noted between users and non-users are reinforcing of one another, i.e., the higher single rates for users is consistent with reported lower household incomes. As summarized in the SERS study, "Pace users, in total, project a less upscale image versus non-users—generally owning fewer and older automobiles, having lower education and income levels, and having a lower incidence of home ownership." Further breakdowns of users and non-users by market segment reveal additional variances and similarities between these two groups. This information and observations follow:

Table 11. User/Non-user Demographic Profiles by Commute Market Segment

	Suburb-to-Suburb		Suburb-to-City		City-to-Suburb	
	Users	Non-users	Users	Non-users	Users	Non-users
Age in Years:						
Group Median	39.1	38.7	40.2	39.0	35.8	40.18
Sex:						
Male	43%	45%	43%	44%	28%	55%
Female	57%	55%	57%	56%	72%	45%
Marital Status:						
Married	28%	58%	51%	66%	15%	47%
Single, never married	53%	31%	38%	18%	49%	37%
Divorced, widowed or separated	19%	11%	12%	16%	36%	16%
Education in Years:						
Average Mean	14.0	14.5	14.4	14.9	13.7	14.3
Total Annual Household Income Before Taxes:						
Grouped Median (000)	\$29.1	\$42.5	\$38.5	\$48.3	\$25.6	\$39.2
Home Ownership:						
Own	40%	70%	57%	78%	28%	68%
Rent	60%	30%	43%	22%	72%	32%

	Suburb-to-Suburb		Suburb-to-City		City-to-Suburb	
	Users	Non-users	Users	Non-users	Users	Non-users
Auto Ownership						
None	33%	3%	16%	2%	36%	8%
One	38%	31%	35%	30%	46%	37%
Two or more	29%	66%	49%	68%	18%	55%
Ethnic Background						
African American	36%	3%	38%	12%	59%	21%
American Indian		1%	1%			
Hispanic	4%	4%	6%	4%		13%
Oriental	1%	3%	3%	5%		
Caucasian	56%	87%	48%	77%	33%	66%
Other	2%	2%	3%	2%	8%	

Observations of demographic variances and similarities between users and non-users by market.

- Our youngest customers (35.8 years) are found in the city-to-suburb market while our oldest customers (40.2 years) are found in the suburb-to-city market.
- Our highest female market share (72%) is in the city-to-suburb market.
- Our highest marriage, education, income and home ownership levels are found in the suburb-to-city market
- Our lowest marriage, education, income and home ownership levels are found in the city-to-suburb market.
- Our highest African American market share (59%) is found in the city-to-suburb market.
- Economic differences between users and non-users is least pronounced in the suburb-to-city market as evidenced by comparable educational levels and higher home ownership rates among users.
- City-to-suburb users have a significantly more downscale economic profile than do non-users in this market.
- While there is more uniformity among non-users by market, city-to-suburb non-users also display more downscale economic traits.

While Pace customers come from all walks of life, there are definite differences among customers within each major commute market segment. The demographic data can be combined to develop a profile of our customer in each market segment.

Table 12. Predominant Customer Profile by Major Commute Market Segment

	Suburb-to-Suburb	Suburb-to-City	City-to-Suburb
Age in Years	39.1	40.2	35.8
Sex:	Female 57%	Female 57%	Female 72%
Race	Caucasian 56%	Caucasian 48%	African American 59%
Marital Status	Not Married (72%)	Married (51%)	Not Married (85%)
Education in Years	14.0	14.4	13.7
Income (\$000)	\$29.1	\$38.5	\$25.6
Home Ownership	Rent	Own	Rent

While these profiles identify the predominant customer in each market, they should not be interpreted as being illustrative of the typical customer. Because of our extensive geographic coverage, our services carry a broad composition of the population. Other factors, such as lifestyles and attitudes, also strongly influence commute behavior. For these reasons, the demographic data must be put into context in determining when and how it should be incorporated into Pace's marketing efforts.

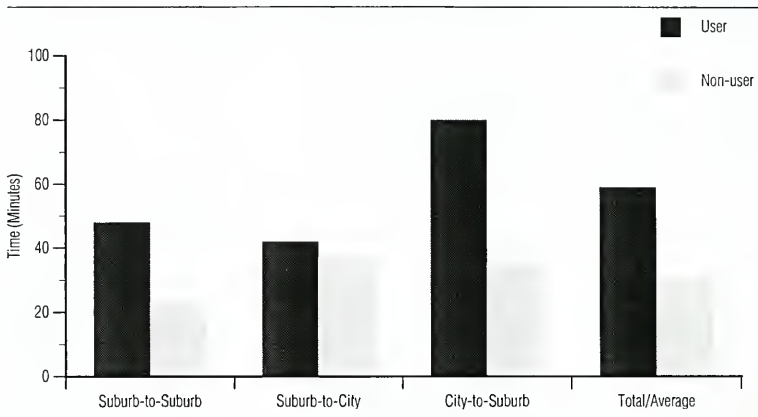
Commute Characteristics

The work commute itself varies significantly by market and for users and non-users. The following discussion summarizes several key aspects of the journey to work for our customers and non-users.

Travel Time, Distance and Cost

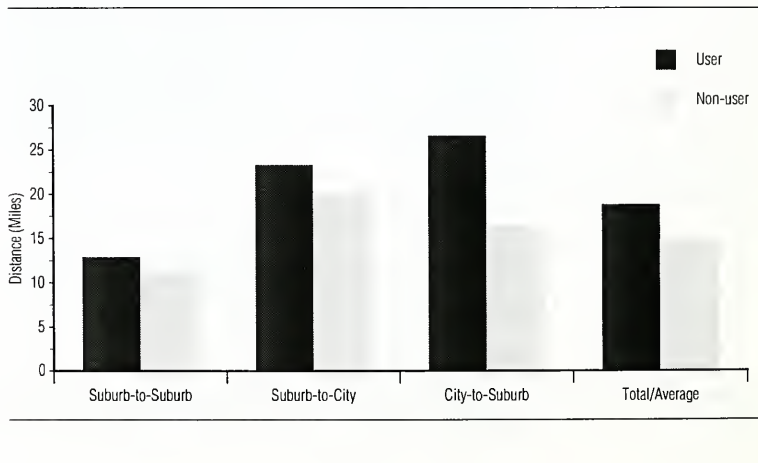
In general, Pace customers experience longer commutes both in terms of distance travelled and time (especially) while perceived costs were also higher. (Reference discussion on competition for further explanation).

Chart G. Work Commute Travel Time by Market



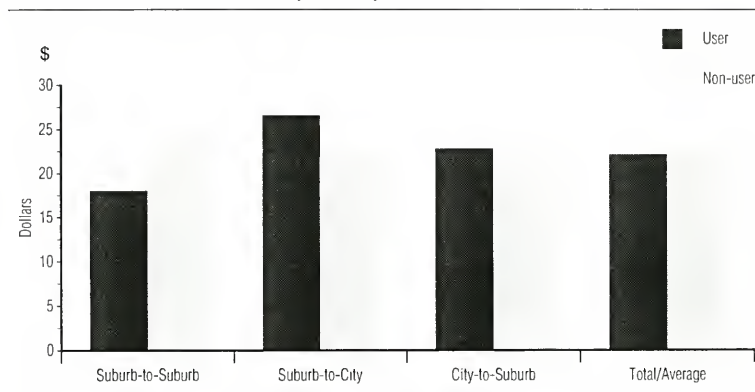
- Pace customers in the city-to-suburb market have the longest travel time of any group.
- Pace's most competitive time is in the suburb-to-city market.

Chart H. Work Commute Distance (One Way) Trip Length (By Market)



Similar to travel time, city-to-suburb Pace customers have the longest distance commute, though, note there is a severe time penalty associated with this commuter (80 minutes for 26.6 miles) versus the suburb-to-city market (42 minutes for 23.3 miles).

Chart I. Work Commute Weekly Cost By Market



- Reported commute costs for users and non-users were comparable in total though Pace users report significantly lower costs in the suburb-to-suburb market and higher costs in the suburb-to-city market.
- It is believed that non-users seriously underestimate their commute costs and tend to identify only marginal operating costs for fuel and perhaps tolls and parking.

Work Schedules and Job Types

Pace users report a somewhat shorter workday of just under 8 hours while non-users report a workday of slightly over 8 hours. While the average quitting time for both groups was similar at close to 4:20 p.m., the average start time for users was closer to 8:30 a.m. versus 8:00 a.m. for non-users. However, users in the city-to-suburb market report an earlier start time (8:00 a.m.) than non-users (8:30 a.m.).

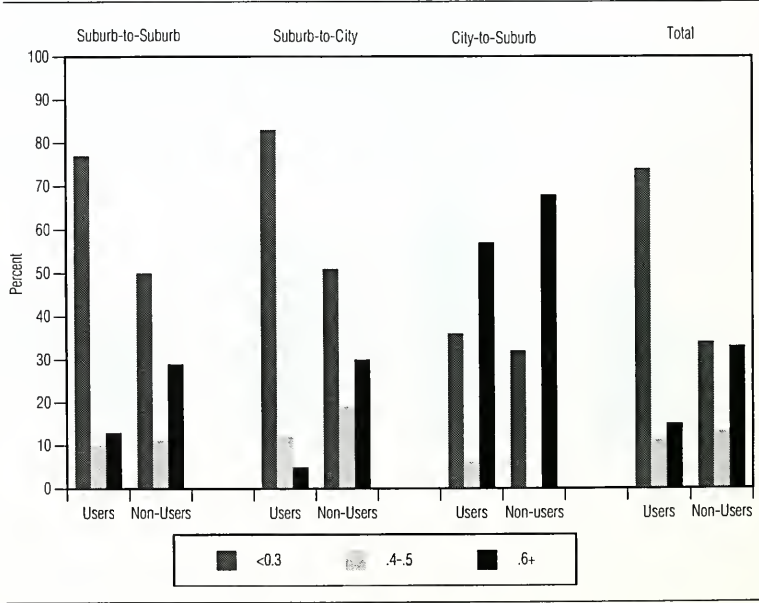
In addition to the slightly shorter workday, Pace customers report a higher level of predictability in their work schedules. Seventy-six percent (76%) of Pace users consider their work schedules to be very predictable versus 68% of non-users. Workers in the suburb-to-city market (both users and non-users) had the highest levels of schedule predictability among their counterparts in the other commute markets.

While Pace customers and non-users represent a wide range of professions, the survey results did identify some job classification differences between users and non-users. The largest occupation categories of non-users were classified as managerial (8%) and educational (teachers) (8%), while the largest user category was clerical (8%) followed by managerial (6%). In the suburb-to-city market, 10% of Pace users described themselves as having clerical jobs, while 8% of non-users described themselves as administrative assistants or secretaries.

Distance to Nearest Pace Stop

As expected, Pace customers report living closer to a Pace bus stop than do non-users. Thirty-three percent (33%) of non-users report living in excess of .6 miles from a Pace stop; conversely, seventy-four percent (74%) of Pace customers report living within .3 miles of a Pace stop.

Chart J. Distance from Home to Nearest Stop (Percent)



- The highest concentration of Pace customers within .3 miles of a stop is in the suburb-to-city market. This is expected as the majority of the riders in this market are in the inner suburban ring which has higher service levels.
- The city-to-suburb market reports the greatest distance to a Pace stop is expected due to the city origin. Access to the CTA on which most user trips begin is generally less than .3 miles. It is believed the response is due to the way the question was asked and not an indication of a lack of proximity to transit.
- It is believed the 15% of Pace users (8% if you exclude the city-to-suburb group) that live in excess of .6 miles from a stop are comprised of individuals that use their automobiles or are dropped off at a Pace stop.

Connections to Other Transportation

Over 75% of Pace customers routinely use other transportation services either in conjunction with their Pace trip or as an alternative to their Pace trip. Of all other transportation connections, the CTA represented the highest percentage share at 43.8%. The following table breaks down these linkages and alternatives by type.

**Table 13. Other Transportation Currently Used For Work Commute
(In Addition to Pace)**

	Percent
CTA	43.8%
Auto	18.4%
Metra	15.4%
Carpool	4.3%
Other	<u>5.4%</u>
	87.3%*

*Total exceeds 75% as multiple responses were allowed.

Other transportation shares varied considerably by market. The highest CTA use occurs in the city-to-suburb market with 89% of users reporting CTA use. The suburb-to-city market also reports high CTA use at 67%. The highest auto use was found in the suburb-to-suburb market at 39% of respondents indicating they also use their autos.

Because of the manner in which the question on other transportation was posed, it is not clear that respondents would exclude switching behavior, i.e., driving some days and taking Pace on others. A minimum estimate of regular users of other forms of transportation in addition to Pace can be made by examining the heavy user (4-5 days per week) categories.

Table 14. Other Transportation Currently Used For Work Commute More Than 4 Days Per Week (In Addition to Pace)

	Percent
CTA	39.5%
Metra	11.0%
Auto	7.7%
Carpool	2.0%
Other	3.3%
Total	63.5%

- By comparing the total response for other transportation with the level for heavy users, it can be noted that those riders that use the CTA and Metra are more likely to be doing so in addition to Pace. The majority of auto users may be switching between auto use and Pace although a significant core, 7.7% of heavy users, also drive part of their commute.

Commute Behavior

Reasons for current commute method

The predominant reasons cited by Pace customers (47%) for using the service is a lack of options. Conversely, 53% cited other reasons such as saving money and avoiding the hassle of driving. Non-users on the other hand cited schedule flexibility, a lack of public transportation, and that their auto was the only way they could make their trip (auto dependent) as being the top reasons for their current commute choice.

Table 15. Top Commute Choice Reasons

Reason	Users	Non-users
No other way/Don't have car (users)/Only means of travel/Only way I would go	47%	16%
Leave anytime/Work different hours/Unpredictable/Schedule Changes	0%	19%
Cheaper/Inexpensive/To save money	20%	8%
Faster/Quicker/Take longer using other way	7%	15%
No Hassle/Easier	16%	7%

Market variances in these reasons were noted as follows:

- suburb-to-city user reasons were based more on the avoidance of the hassle than on a lack of options as compared to the other markets
- city-to-suburb users were more transit dependent (62%) and less likely to cite a lack of bus stops and public transportation in proximity to their homes as being a major reason for non-use, along with schedule flexibility

Customer Loyalty

Based on their likelihood of future use of Pace, overall, 88% of current Pace customers are highly loyal customers. When asked to rate their loyalty for Pace on a scale of 1 to 10 with 10 being high, Pace customers responded in the following manner:

Table 16. Percent of Customers Loyal to Pace (Based on Future Use Likelihood)

	Suburb-to-Suburb	Suburb-to-City	City-to-Suburb	Total
Highly (8-10)	88%	90%	88%	88%
Moderately (4-7)	11%	10%	6%	10%
Not Loyal (1-3)	2%		6%	2%

The more loyal users can be considered to be in the 8 to 10 response range, less loyal at seven or below. Less loyal patrons exhibit the following characteristics;

- more likely to be college graduates (50% vs. 32%)
- slightly higher incomes (\$40.6K vs \$37.6K)
- more likely to own home (52% vs. 44%)
- more likely to be male (50% vs. 40%)
- live farther from Pace bus stop
- have longer commute times
- have less predictable work schedules

Schedule flexibility and travel time are of greater importance to less loyal customers while schedule dependability is of a lesser concern. In general, less loyal patrons are more like non-users in many respects and can be considered to be on the margin between use and non-use.

Customer Retention

The average customer uses Pace for a period of 5.5 years, which means that on average we lose 18.2% of our ridership base each year. If these riders were not replaced, Pace would be out of business in 5 years. As we traditionally experience ridership gains and losses in the single digits (less than 10%) on a percentage basis, it is reasonable to assume that losses are primarily the result of not replacing riders as fast as they are lost. Conversely, rider gains require replacement at rates in excess of the loss rate. Strategies for increasing ridership, therefore, should be designed to reduce attrition of existing riders in addition to attracting replacement (new) riders.

Customer retention also varies by major commute market as indicated on the following table:

Table 17. Customer Retention

Suburb-to-Suburb	5.5 years
Suburb-to-City	6.0 years
City-to-Suburb	4.4 years
Total	5.5 years

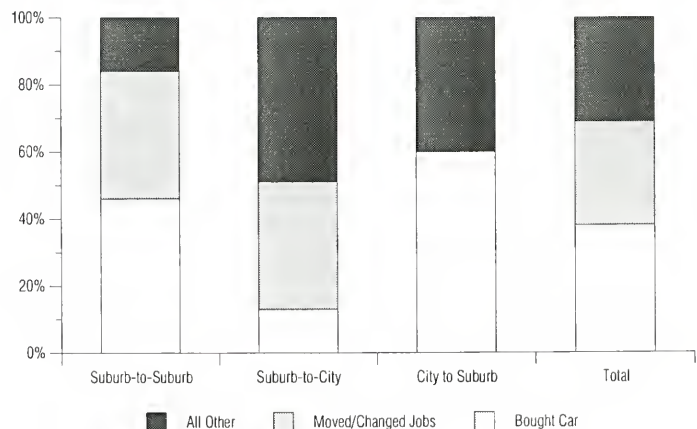
Considering the demographics, values and needs of customers as well as their tenure with Pace, the city-to-suburb customers appear to be most at risk. A broad profile indicates a younger, more captive rider who considers schedule dependability, ease of use, flexibility and cost critical in forming commute patterns and is less than satisfied with Pace service offerings. And since they are commuting from the city to the suburbs, they are unfamiliar with the area. Being more attune to using public transit in the city but unfamiliar with the suburbs, they may be frustrated with public transit in the suburbs.

The suburb-to-city customer appears to be the most loyal to Pace with an average retention period of 6.0 years. A profile of this customer shows a more mature, responsible individual who is more likely to own a suburban home in an established area with bus service near the house, somewhat predictable in commute habits and more apt to express an aversion to driving. Unfortunately, this market is the one that is not growing as reported in the market chapter. Given this, it is more difficult to find replacement customers as evidenced by our rider losses in this market. Strategies for recapturing lost customers and attracting new ones in this market should consider improving fare integration between Pace, the CTA and Metra.

Customer Loss

A small population of non-users (8.6%) reported that they had been former regular users of Pace. The two major reasons cited for no longer using the service include purchasing a car and changing jobs and/or place of residence. The incidence of these two reasons varied by market with suburb-to-suburb and city-to-suburb markets being more sensitive to auto purchases and the suburb-to-city loss being more due to changing jobs or residence.

Chart K. Reasons for Dropping Pace



Next to purchasing a car, changing jobs and/or residences is the leading reasons for customer loss. Further information on current customers indicates that 20% of the city-to-suburb customers have probable or definite plans to move closer to work in the future, while only 4% of the suburb-to-city customers have similar plans. This information reinforces to the finding of more volatility in the city-to-suburb market.

Attitudes and Lifestyles of Users and Non-Users

Pace customers and non-users were asked to respond to a series of statements "that people might use to describe themselves" in terms of their agreement or disagreement.

Pace customers tended to identify more with the statements that centered around frugality and efficiency such as;

- being able to plan ahead
- keeping things simple
- bargain hunting
- the image they project to other people
- concern for the environment

Non-users on the other hand are less concerned with their commute cost and more likely to enjoy driving. Although non-users believe saving money is important they express a somewhat higher interest in having more control over their commute.

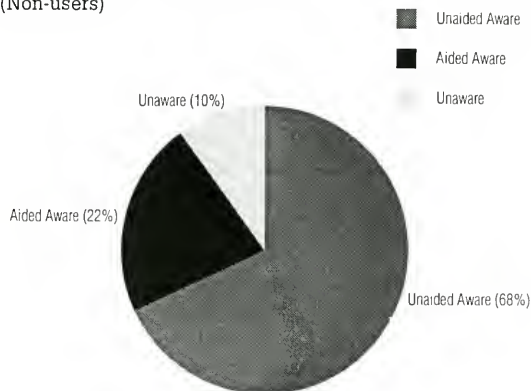
Non-users are less concerned with planning ahead, "perhaps a further indication of a stronger aversion to being tied to 'someone else's' (public transportation) schedule" according to SERS.

Awareness Levels and General Assessment

Sixty-eight percent (68%) of non-users were able to name Pace as the suburban bus service on an unaided basis. Once the Pace name was mentioned (aided), the number of respondents aware of Pace increased to 90%. As reported by SERS, "given the length of time Pace has been in operation, one might expect that its level of 'top-of-mind' awareness to be higher than reported here." Because our awareness level is less than expected, it is recommended that we reexamine our general promotion practices, particularly our media buys with respect to television which reaches the largest population. There were no significant differences in awareness levels among the commuter market segments.

Chart L. Pace Awareness Levels

(Non-users)



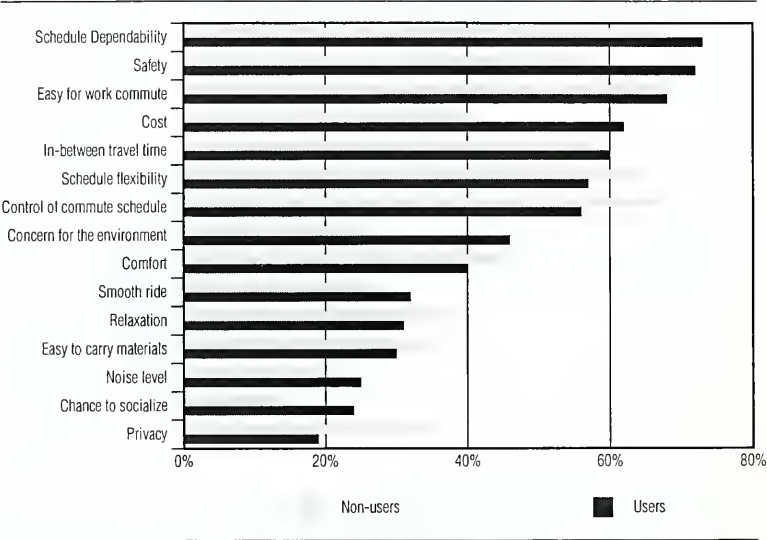
Overall Assessment of Pace

On a scale of 1 to 10 with 1 being poor and 10 being excellent, Pace customers rate the service an 8.4. Aware non-users rate the service fairly well, also at 7.35. These general assessments varied somewhat by market with our highest customer score, 8.47, coming in the suburb-to-suburb market where 37% of the respondents gave Pace a 10 rating. Our highest non-user rating of 8.18 resulted in the city-to-suburb market where 50% of non-users rated Pace at 10. We believe that Pace is viewed more positively as a public transportation service by City residents who may be comparing us against the CTA.

Trip Making Criteria, Importance, and Satisfaction Levels

In an effort to assess the relative importance that various commute considerations have on the decision making process, both users and non-users were asked to rank the following factors on a scale of 1 (not important) to 10 (critically important). The following graph depicts respondents assigning a very high importance level of 9 or 10 to the factor.

Chart M. Importance of Considerations in Selecting Commute Method



Among users, schedule dependability, safety and ease of use were the top three criteria. Also cost, travel time, schedule flexibility and control over the commute schedule were cited as being highly important by over 50% of the users responding. Compared to non-users, Pace users assign greater significance to safety, cost and concern for the environment. Non-users were more concerned with having control over their schedules and flexibility. Also, non-users place more emphasis on privacy, comfort and relaxation than do Pace customers.

There were some minor variations within each market with respect to the top five criteria as shown on the following chart.

Table 18. Top Five Criteria in Importance of Commute Decision (Pace Users)

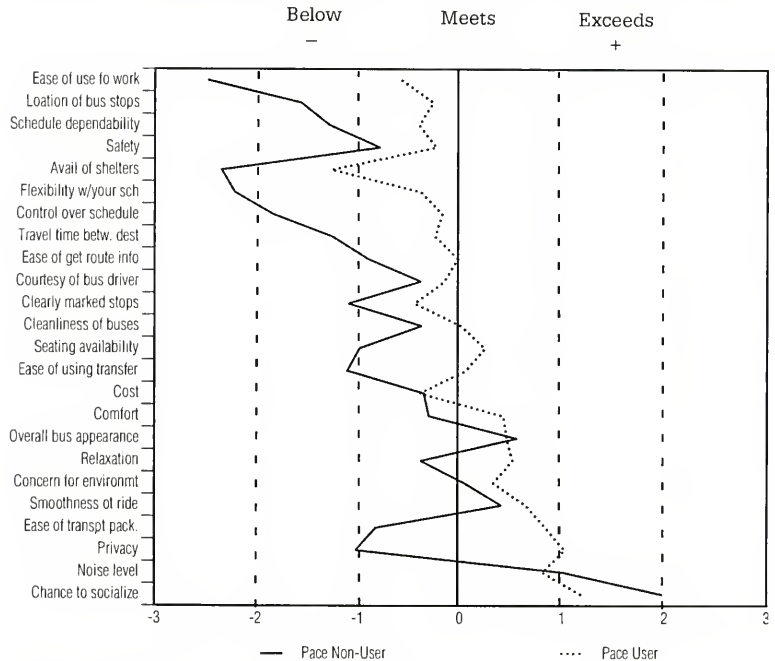
Suburb-to-Suburb	Suburb-to-City	City-to-Suburb
convenience	schedule dependability	convenience
safety	safety	cost
schedule dependability	convenience	safety
cost	travel time	schedule dependability
travel time	cost	flexibility

Further discussion on this subject is taken up in the marketing strategies chapter discussion on positioning.

Importance vs. Performance–The Gap Analysis

As part of our most recent market research effort, Pace customers and non-users were asked to identify which aspects of using Pace service were most important to them and their rating of our performance on each of these characteristics. The resulting data is presented graphically on the following GAP Analysis Chart. Items are listed in descending order by their importance and the positive and negative scores which each item received.

Chart N. Pace Feature - GAP Analysis



Features listed in order of importance to total sample

+ =Degree of Excellence/Overkill

— =Degree of Vulnerability/Opportunity

As can be observed from the gap analysis, the Pace features deemed most important are also the ones in which we do not meet customer expectations, while in the less important areas, we exceed expectations. Some of this can be expected as once an aspect of service delivery is satisfied, it becomes less important to the customer. It may be taken for granted, for example, that the bus is clean, comfortable and offers a smooth ride; these factors, then, become less important. Overall, Pace ranks well in those areas which it directly controls such as cleanliness, courtesy, comfort, information availability, etc. Satisfaction levels for items beyond our direct control such as trip time and schedule flexibility are lower and to a certain extent are an inherent feature of bus transit. Lastly, conditions which impact stop and shelter locations are influenced greatly by both external (site restrictions) and internal (staff resources) factors.

The area of most significant dissatisfaction with Pace service is the availability of shelters; ancillary to this were negative scores for bus stop locations and clearly marked stops. It is important to recognize that the customer's experience before and after they board the bus is part of their assessment of our service. This is one area where substantial improvement could result in significant ridership gains. Non-users that were familiar with Pace were also asked to rate their perceptions of our service delivery aspects. In general, they were consistent with user ratings, only magnified. Non-users were also much more negative about Pace's convenience (ease of use to work) than users. In general, non-users live further from Pace routes and worked more variable schedules which would contribute to this perspective.

Similar gap analysis were also performed that segment the results by market (suburb-to-suburb, suburb-to-city, and city-to-suburb). While these market segments tend to have the same evaluation of Pace service, there were some notable differences. For example, suburb-to-city customers were more satisfied with bus stop locations and shelter availability than their suburb-to-suburb counterparts. This is likely due to the higher concentration of shelters, less open space and well-marked stops in the inner suburban areas where we generate most of our suburb-to-city ridership. On the other hand, the suburb-to-city customers were the most dissatisfied of all three groups with the cost factor. This is likely due to the higher fares experienced by riders that transfer to the CTA.

The following chart identifies the areas of significant difference in satisfaction levels by customer market segment.

Chart O. Rating of Service Delivery Characteristics by Market

	Suburb-to-Suburb	Suburb-to-City	City-to-Suburb
More favorable*	Schedule Dependability Seating Availability	Location of Stops Shelter Availability Schedule Dependability Ease of Route Info Ease of Transfer	Travel Time
Less favorable*	Ease of Use Location of Stops Shelter Availability Travel Time Clearly Marked Stops Ease of Carrying Packages	Cost	Ease of Use Location of Stops Schedule Dependability Shelter Availability Schedule Flexibility Control Over Schedule Clearly Marked Stops Ease of Transfer

*Rating of service delivery aspects to overall average. It is important to remember that the more favorable categories still have a negative gap score.

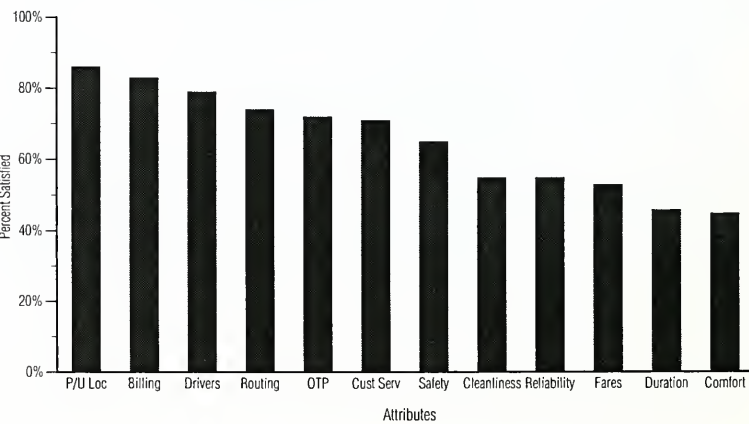
As expected, the most favorable ratings are found in the suburb-to-city market, while the other two less developed markets are more sensitive to the lack of service and supporting infrastructure. In many respects, the city-to-suburb market shares the same issues associated with lower service levels and the lack of stops and shelters typical of the outlying suburbs.

Subscription Bus

The majority of subscription bus passengers are females (83%) between ages 25 and 44, with household incomes between \$25,000 and \$35,000 (40%), and work in clerical or secretarial positions. The reasons cited for using subscription bus are that it is convenient, relaxing and they do not want to drive (likely a function of the long-distance commute involved). Of significant interest is the fact that over 70% of them drive to their pickup locations. This reinforces the fact that there is a bus transit market for suburb-to-suburb commuters that own cars.

The quality of vehicles provided by the private contractors has varied greatly. In one instance, 84% of the passengers on a particular route were dissatisfied with the vehicle itself, compared to 4% dissatisfied on a better equipped route. (We have taken action to replace the contractor with the poor equipment). The following summarizes the results of our market research on subscription bus passenger satisfaction.

Chart P. Subscription Bus Passenger Satisfaction



Vanpool

The vanpool customer market is more upscale than any of Pace's other service markets. Most vanpool participants are professionals and office workers with household incomes over \$50,000; the majority are female (54%).

The predominant reason for vanpooling cited by program participants was to save money, gas, wear-and-tear on their cars and to avoid driving. The majority of vanpool customers (38%) drive to their pickup location and 21% walk there. This illustrates that vanpool service can be effective at reaching suburban auto commuters.

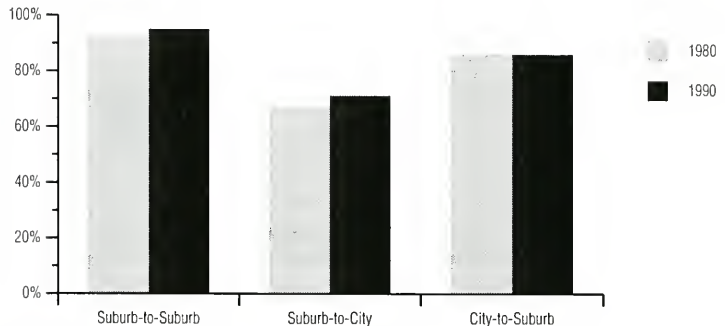
Overall, 94% of the vanpool customers were satisfied with the program, 5% were neither satisfied or dissatisfied and 1% indicated they were dissatisfied. The chief area of dissatisfaction was the lack of flexibility and adherence to a fixed schedule. Of those areas under Pace's direct control, van comfort was cited as an area of dissatisfaction by 6% of the respondents. The majority of complaints originate from the seven passenger mini-vans that are full. Customers indicate the rear seats are not comfortable for 3 adults. Besides van comfort, the passenger billing system was a major source of dissatisfaction for 16% of customers. Complaints in this area had to do with the late fees, security deposits and lack of return envelopes. (Return envelopes are now provided.) All (100%) vanpool drivers indicated they were satisfied with the program.

The Competition

The major competitor to transit is the automobile, and in all of the major commute markets, with the exception of travel to the CBD, the auto has distinct and tremendous competitive advantage over transit. Unlike other businesses which mostly compete with one another within the same service categories (i.e. airline vs. airline, overnight delivery vs. overnight delivery etc.) transit competes with a very different service delivery model.

Autos are the dominant mode choice for all trips made in our region. They command 79% of the total trip market. When looking at just the journey-to-work market, autos* also hold 80% of the total market. In terms of the market segments served by Pace, autos hold 71% of the suburb to city market, 95% of the suburb-to-suburb and 86% of the city-to-suburb market. This information is presented graphically on the following chart.

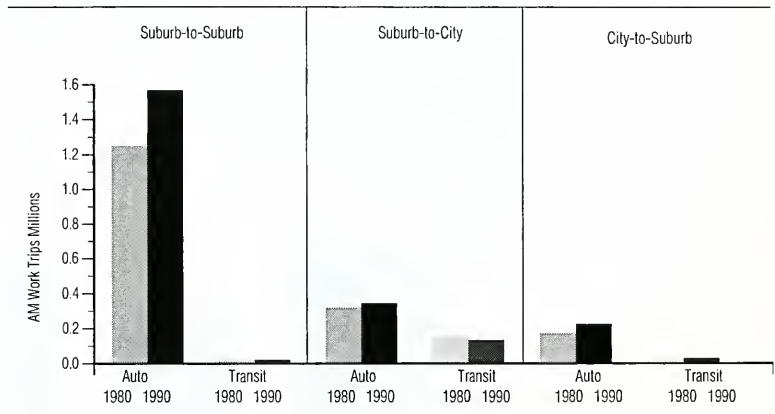
Chart Q. Auto Mode Share by Journey to Work Market 1980, 1990



* includes carpools

As can be seen, autos share of the suburb-to-suburb and suburb-to-city market has also grown from 1980 to 1990. In the suburb-to-suburb market, autos have captured virtually all of the growth in journey-to-work trips from 1980 to 1990. In the suburb-to-city market, auto share also grew by 4 sharepoints while transit's ridership (CTA, Metra and Pace) declined by 16,032 AM trips and 4 sharepoints. Auto versus transit volumes are shown by market for 1980 to 1990.

Chart R. Auto Versus Transit Volumes



Numerous factors have contributed to the auto's success in capturing additional market share in each of Pace's major markets. In most cases, autos have significant advantage on the factors (convenience and time) believed to be the most significant in terms of commute decision making.

Auto Commute Costs

Based on auto cost data provided by the Chicago Motor Club, the estimated cost of driving a car is \$.412 per mile. The cost of auto ownership (fixed costs for depreciation, insurance financing etc.) comprise \$.316 or 77% of this cost, while operating costs amount to \$.096 per mile or 23% of total cost per mile. Using total auto cost as the measure, the typical journey-to-work auto commute of 11 miles would cost \$4.12. However, most auto commuters do not view their commute cost in terms of total cost per mile. More commonly, auto commuters define their commute cost as being more closely related to their direct operating expense. Auto owners view the cost of ownership as a sunk cost, occurring regardless of their commute decision.

This view was confirmed by Pace market research in which auto commuters estimated their commute cost at \$22.46 per week or approximately \$.15 per mile (for an average 14.8 mile one way commute.) It is worth noting that Pace users in the same study also identified their weekly commute expense at a mean cost of \$22.14 or about the same as the auto commuters. In terms of cost, the perception of auto users is that their choice is not significantly more expensive than choosing transit.

Auto Travel Time

According to 1990 census data of travel time by mode choice, drive alone auto commuters in Cook County had a mean travel time of 26.2 minutes versus 41.2 minutes for bus travelers*, making the auto commute 15 minutes or 36% faster. Auto journey to work trips were also significantly faster in the collar counties than bus trips.

Pace market research confirms the longer bus commute times for each major market. Suburb-to-suburb commuters have a mean trip length of 48 minutes versus 24 minutes for auto commuters in the same market. The market with the smallest time differential is the suburb-to-city market where Pace users report a mean travel time of 42 minutes compared to 37 minutes for auto commuters. The greatest time differential for auto versus Pace, however, exists in the city-to-suburb reverse commute market where Pace riders report a mean travel time of 80 minutes versus 35 minutes for auto commuters. This considerable additional time for Pace commuters in the city-to-suburb market is related to the trip length which for Pace customers was 26.5 miles versus 16.3 miles for auto users.

**in this case bus travel includes Pace and CTA bus service.*

Table 19. (Auto vs. Pace Travel Time and Cost by Market)

	Suburb-Suburb	Suburb-City	City-Suburb
Travel Time (Min)			
Pace	48	42	80
Auto	23	37	35
Variance Favorable/(Unfavorable)	(25)	(5)	(45)
Cost (Weekly)			
Pace	\$18	\$27	\$23
Auto	\$14	\$22	\$21
Variance Favorable/(Unfavorable)	(\$4)	(\$5)	(\$2)

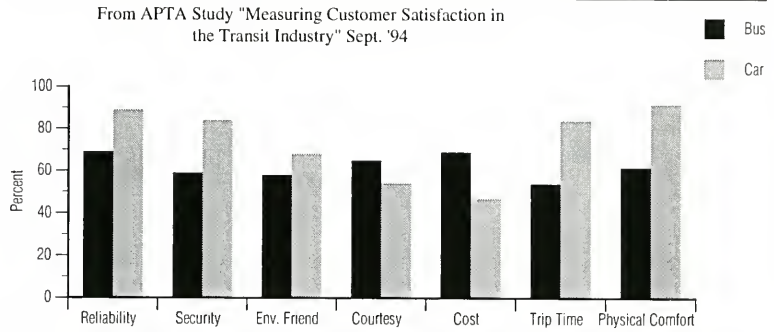
While Pace users have a longer distance commute in each market, their trips also take much longer and cost more than the **perceived** auto commute cost. Of the two groups, Pace users tend to more accurately define their commute costs. Auto users tend to underestimate their commute costs, focusing only on their direct operating expense. Factors contributing to this are the auto owners view of the fixed cost as being unavoidable and the deferred nature of payment for auto use, i.e., monthly car payments, semi-annual insurance payments, hidden depreciation cost, weekly fueling and random maintenance costs. Transit customers on the other hand are required to deposit cash twice daily (or prepay for a monthly pass); this keeps the cost of transit at a very conscious level, as opposed to the deferred irregular nature of auto ownership costs.

Convenience

Convenience of transportation choice can best be defined as being able to go where you want when you want. From this standpoint, and with few exceptions, the auto embodies the concept of convenience. From a transit perspective, the ability to deliver convenient service is contingent on the proximity and frequency of service which matches the trip-making requirements of the user.

A recent study prepared by Market Strategies, Inc. for APTA, states that *"unfortunately for the bus industry, while people are keenly dissatisfied in terms of buses' convenience, this attribute is the most important criteria they use in deciding whether or not to use the bus at all."* Conversely, the same study found that *"the features best liked in cars are the ones most important in deciding what mode of transportation to use."* The high importance and high satisfaction features of autos included trip time, physical comfort, reliability and security. The following chart from the APTA study compares bus versus auto performance on several key factors which measure trip satisfaction.

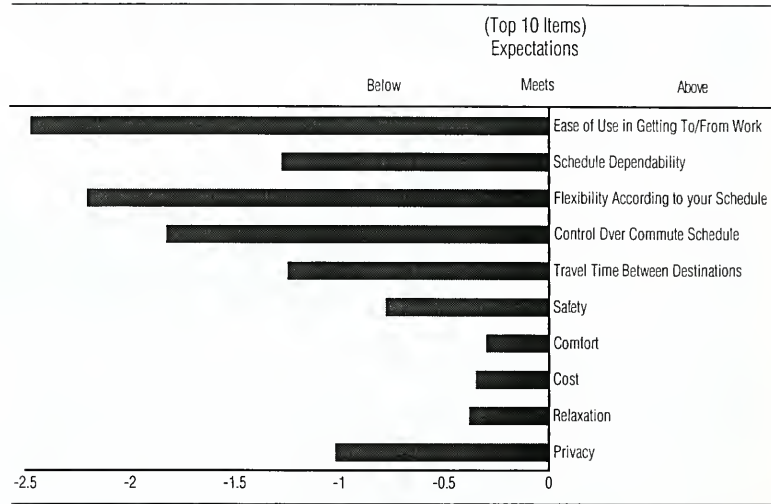
Chart S. Satisfaction Ratings for Buses Versus Cars (comparable attributes only)



As reported in the study, autos outperformed bus service on all trip attributes with the exception of cost and courtesy. But as also reported, *"the two attributes where bus service enjoys an edge (courtesy and cost) are at the same time among the three lowest in terms of their importance for decision making."*

Pace market research on non-user opinions of Pace service reveals a similar profile of perceived shortcomings on the trip aspects deemed most important. The following chart presents a "gap analysis" of Pace's performance on each trip feature. Trip features are ranked in order of importance. Non-users ranked each trip feature on a relative importance scale of 1 to 10, one being unimportant and 10 being very important. They also ranked on their perceptions of Pace's performance in each category on a similar scale. A negative gap score indicates a feature of the service that does not meet their expectations. A positive score indicates the service exceeds expectations, a zero indicates the service meets expectations.

Chart T. Pace Aware Non-User Gap Scores

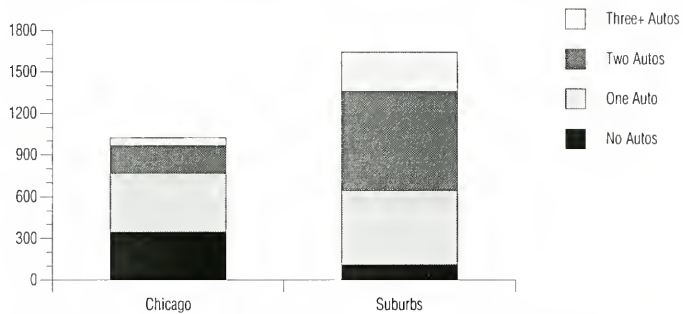


It is important to remember that these ratings are by aware non-users based on their perceptions of how Pace performs and not ratings of how Pace performs by its current customers. Changing these perceptions is critical in converting non-users to become Pace customers. However, to the extent these perceptions are in fact realistic, we will need to identify other strategies to either change underlying service delivery aspects or change the significance non-users place on them.

Auto Ownership Levels

As expected, the vast majority (93%) of suburban households own at least one automobile, 60% own two or more. There are an estimated 2.9 million autos owned in the suburbs. Auto ownership rates for city residents are much lower with 34% not owning a car. The following chart identifies the number of households in each county (with Cook split between the city and suburbs) by number of vehicles owned.

Chart U. Auto Ownership Level by Household City vs. Suburbs

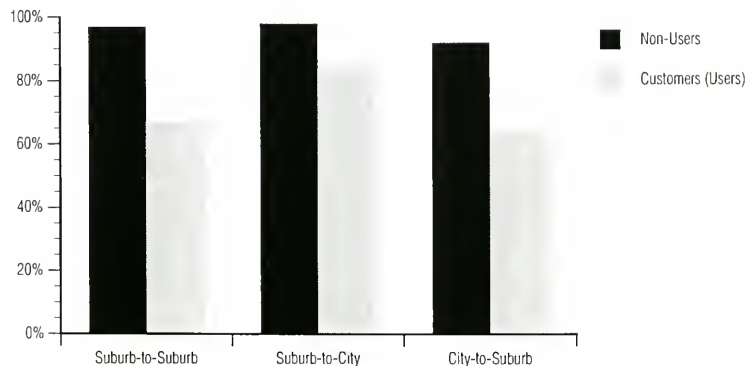


Auto Ownership By Journey-to-Work Market Segment

Non-Pace customers that regularly commute to work have auto ownership levels which exceed the rates found for households in each county. In the suburb-to-city market segment, 98% of non-users owned at least one car; in the suburb-to-suburb market the auto ownership level was 97%. The lowest rate of auto ownership among non-Pace users was found in the city-to-suburb market which was still at 92%.

By contrast, auto ownership levels by Pace customers were much lower. In the suburb-to-suburb market, the ownership rate was 67%, suburb-to-city 84% and 64% in the city-to-suburb market. The rates of auto ownership by Pace customers and non-users is shown on the following chart.

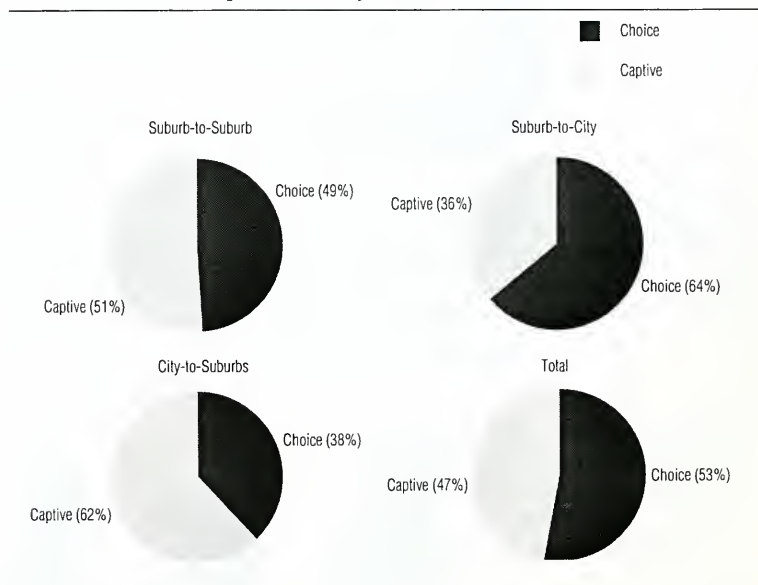
Chart V. Auto Ownership Levels-Pace Customers and Non-Users by Market Segment



The lower levels of auto ownership by Pace customers corresponds to the level of customers considered to be "transit captives". Traditional transit consumer market segmentation consists of defining customers as either being "captive" (auto not available) or "choice" (auto available) riders. When Pace customers were surveyed as to their single most important reason for using Pace, 47% indicated they had no other way and did not have a choice. This rate varied by market served with the highest captive rate 62% existing in the city-to-suburb market. This corresponds with the low rate of auto ownership in the city. As expected, the largest choice market for Pace is in the suburb-to-city market where 64% of Pace customers had chosen Pace for reasons other than a lack of options.

The following pie charts display the level of choice and captive riders by market.

Chart W. Choice vs. Captive Riders by Market



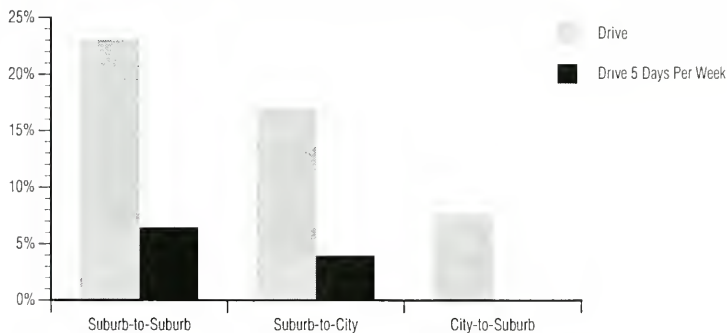
While 47% of Pace ridership is coming from the relatively small market of transit captives, 53% of Pace riders do have an auto available to them. As the choice rider market is nearly 15 times the size of the captive market, it presents more ridership potential albeit difficult to capture due to the perceived cost, time and convenience position of transit versus auto.

Auto and Bus commuters

A sizable percentage of Pace customers do use their autos occasionally for some portion of their trip. The fact that this activity takes place indicates there is potential for further penetration into the choice rider market. We have already established the fact that commuters will park and ride to use bus service in the suburb-to-city market and in the suburb-to-suburb market where long distance trips are involved.

As part of our most recent market research effort, auto use by Pace customers was surveyed. Eighteen percent (18%) of Pace customers indicated they also use an automobile to get to work, and 7.0% indicated they use their cars 4 to 5 days per week. The rate of auto usage for Pace customers varied by commute market segment. The highest rate, 23%, exists in the suburb-to-suburb market, the lowest level, 7.6%, occurs in the city-to-suburb market. The following chart displays auto commute use rates by market.

Chart X. Percent of Customers That Also Drive to Work and Drive 5 days Per Week



The data on auto and Pace use is encouraging in that it indicates that auto owners are, in fact, willing to use Pace on a routine basis.

Although the automobile has significant advantages over transit, there are still areas of opportunity to attract auto users in each market Pace serves. The following dot points summarize these areas of opportunity.

- *Reduce transit travel time compared to auto travel time*

This can be achieved via the transit vehicle management system (TVMS) and its signal preemption capabilities. Also, specific projects such as transit-only, restricted-access capital improvements can reduce travel times by allowing buses to avoid traffic choke points in congested areas.

- *Increase opportunities for auto users to conveniently park and transfer to Pace*
A park-n-ride market presently exists in the suburb-to-city and suburb-to-suburb market where long distance trips are involved. It is believed this market can be expanded, and due to the relative size of this choice auto commuter market, the potential current park-n-ride users merit further study to determine the extent of this application. We also need to learn more about those passengers that use their autos a few days per week for their work trip and take Pace the other days. This occasional auto/Pace user market segment presents an opportunity to increase the utilization rate of our current customers.

- *Increase awareness of actual auto commute cost*

Our research reveals auto users tend to substantially underestimate their commute costs, and while cost is not a primary factor in determining their commute decision, it is an area of low satisfaction. Reinforcing the awareness of this aspect of auto commuting over time may lead a portion of auto users, those highly dissatisfied with their commute choice, to consider transit.

- *Evaluate carpool commuter market for potential conversion to vanpool*

The carpool auto market segment comprises 10.7% suburb-to-suburb and 19.8% city-to-suburb trips. While the majority of these are two person carpools, individuals already in this rideshare market may be prime candidates for "moving up" to vanpools by finding a minimum of three more passengers. The advantages are significant for the driver, and by increasing his/her awareness of the current commute cost while simultaneously promoting the benefits of the VIP, we may capture more carpoolers.

- *Create alternative fare payment mechanisms and opportunities*

Auto users are not accustomed to expending cash every time they use their car, while most Pace customers are faced with this. By developing creative pricing and payment strategies based on the stored value or smart card fare payment technology (as is being pursued by the CTA) and/or credit and debit cards, we can eliminate out-of-pocket payments at the time of service use. This can reduce customer price sensitivity and allow numerous pricing strategies to be implemented which can benefit ridership.

The Service

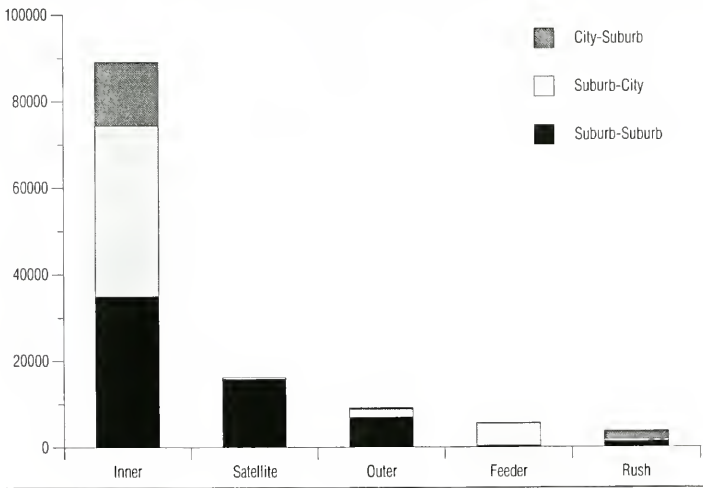
Pace Performance by Market and Route Category

Each major market served by Pace, suburb-to-suburb, suburb-to-city, and city-to-suburb, is comprised of several operational classifications of Pace service. The following describes the relative performance of each service classification and its effect on markets served.

Pace has traditionally classified fixed route services into five major service groups; inner suburban (IN), outer suburban (OT), satellite (S), feeder service (PF) and rush hour service only (PR).

Because of their geographic classification, some route categories carry the majority of riders in a given service market. For example, 83% of the suburb-to-city market is served by the inner suburban routes. The following graphics depict this relationship for each market.

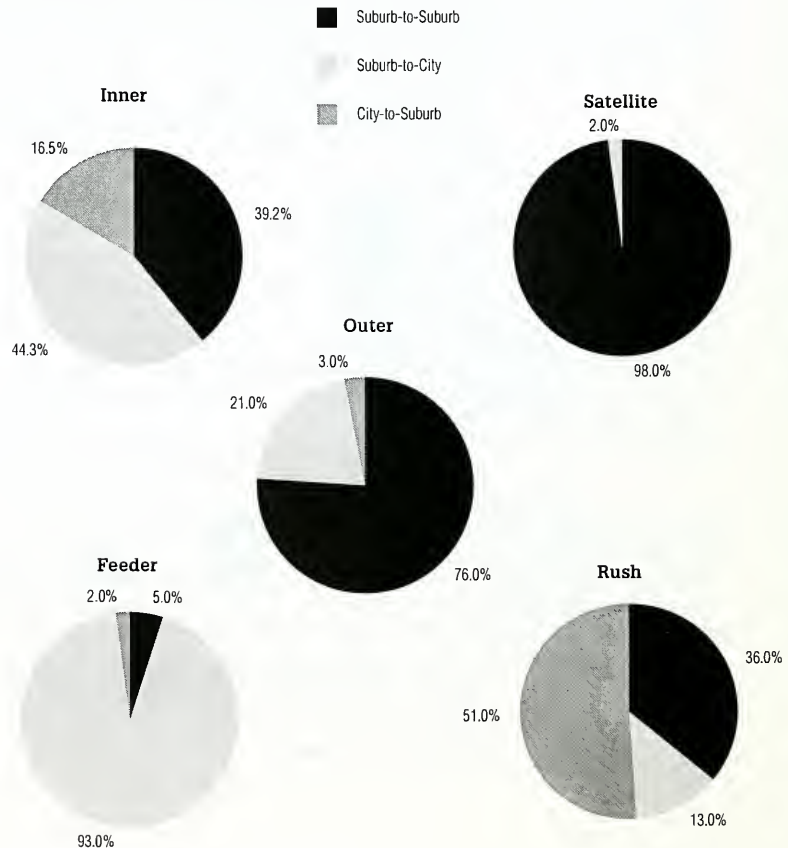
Chart Y. Market Served by Service Type (Average Daily Ridership)



The inner suburban routes carry 72% of Pace's total fixed-route ridership. Of this, 44% is in the suburb-to-city market. Many inner suburban routes serve all three markets. The inner suburban routes carry more passengers in each market than any other route category.

The other route categories serve primarily one or two markets. As expected, the primary market for feeder routes is suburb-to-city (93%). The primary market for satellite routes is suburb-to-suburb 98%. The primary market for the outer category is suburb-to-suburb (75%) although 21% of the outer service group serves the suburb-to-city market. The rush hour only category has a 51% city-to-suburb (reverse market) share, the largest percentage of any service category in this market. The remaining 49% is split 36% suburb-to-suburb and 13% suburb-to-city. The following pie charts represent this data.

Chart Z. Market by Route Classification



As each service category exhibits different performance characteristics, the mix of service types in a given market determines the overall productivity and performance of service in a given market. Service productivity ranges are shown on the following table.

**Table 20. Service Productivity (Passengers/Revenue Hour)
By Route Classification***

	Inner	Outer	Satellite	Rush (1)
High	87.1	44.8	55.0	80.7
Avg	37.5	20.4	29.6	22.2
Low	16.3	10.8	13.2	10.5

**Based on fourth quarter '93 data*

(1) includes feeder routes

In terms of passengers per revenue hour, the inner suburban route group is Pace's best performer with an average productivity of 37.5 passengers per revenue hour. The satellite group averages 29.6 (passengers/revenue hour) followed by the rush hour category at 22.2 (which includes most of the feeder routes). The lowest average productivity category is the outer classification group at 20.4 passengers per revenue hour. As expected, passenger per hour productivity is best in the inner suburban area where population and employment densities are higher than compared to the other service areas. A similar pattern is exhibited when service is evaluated from a financial performance standpoint based on subsidy per trip. As shown on the following table, the inner suburban route group subsidy per trip was lowest averaging \$.73 per passenger, while the rush hour classification was the highest at \$2.45.

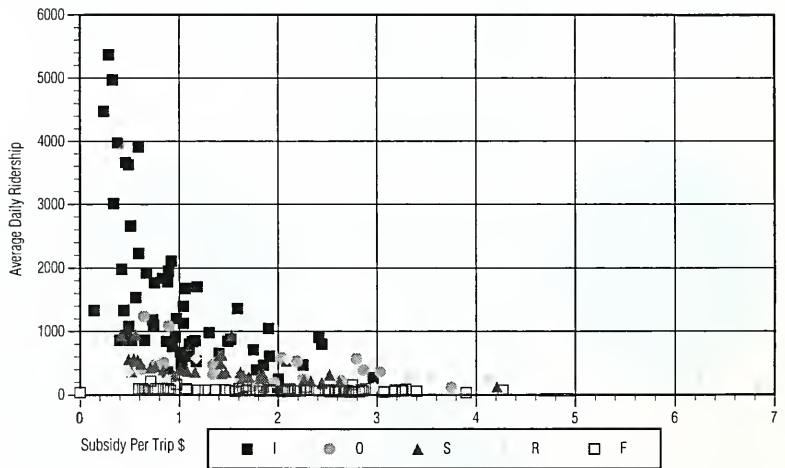
Table 21. Subsidy per Passenger by Route Classification

	Average	Low	High
Inner	\$.73	\$.33	\$2.96
Satellite	\$ 1.82	\$.41	\$4.21
Outer	\$ 1.54	\$.62	\$3.75
Feeder	\$ 2.05	\$.59	\$3.90
Rush	\$ 2.45	\$.49	\$6.84

Individual Route Performance by Market and Type

The following charts plot the subsidy per trip and average daily ridership for all Pace fixed routes. Symbols have been used to display the relevant classification of a given route. The data is presented three ways. First, the data is presented by Pace's traditional route classifications—inner, outer, satellite, rush, and feeder.

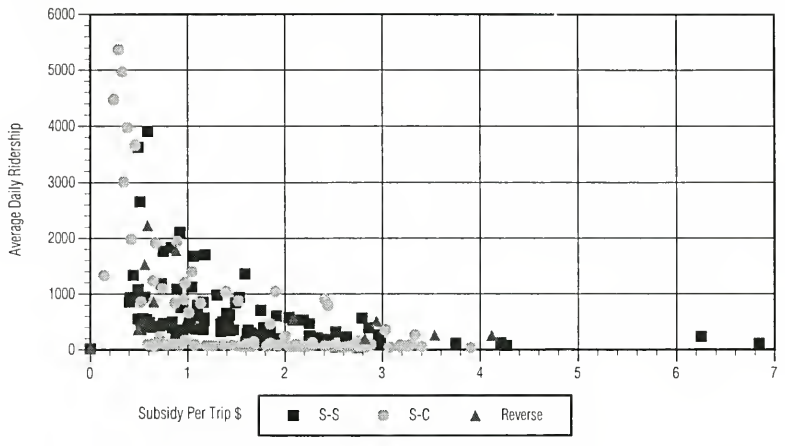
Chart AA. Pace Fixed Route \$ Subsidy Per Trip and Average Daily Ridership By Service Classification (Inner, Outer, Satellite, Rush and Feeder)



Observations from this perspective are that the most efficient services are in the inner classification, and the least efficient services tend to be in the rush and feeder categories.

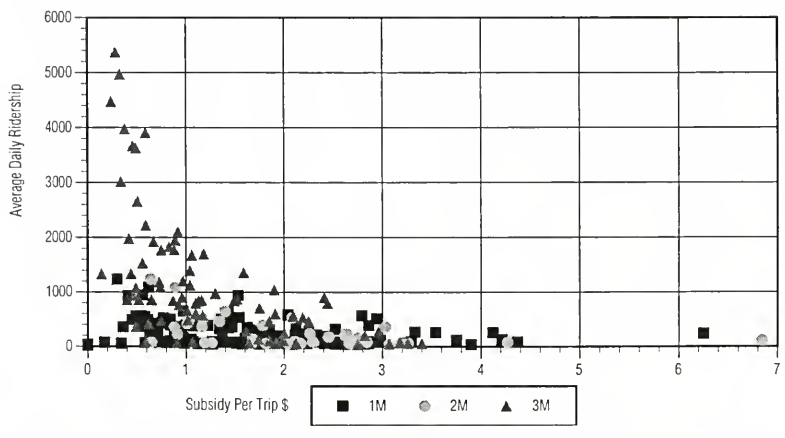
A second view of each routes performance is presented based on the primary market served. Viewed this way, it can be observed that Pace's most efficient fixed routes are in the suburb-to-city and suburb-to-suburb market; however, several of the least efficient routes are also in these same markets.

Chart BB. Pace Fixed Route \$ Subsidy Per Trip and Average Daily Ridership by Market—Suburb-to-Suburb, Suburb-to-City, and City-to-Suburb



Lastly, routes can be viewed by the number of markets served. As expected, the most efficient routes serve all three markets while the least efficient routes tend to serve a single market.

Chart CC. Pace Fixed Route \$ Subsidy Per Trip and Average Daily Ridership by Number of Markets Served (1 market, 2 markets, 3 markets)



The following market observations can be drawn from viewing our routes in this manner:

Suburb-to-City

- The suburb-to-city routes are Pace's best performers in terms of high ridership and low subsidy per trip.
- The worst performers in the suburb-to-city market are generally found in the feeder route category.

Suburb-to-Suburb

- The inner suburban suburb-to-suburb routes perform well.
- The rush hour only suburb-to-suburb routes do not perform well.

City-to-Suburb

- The best performing reverse routes also serve suburb-to-city market. The least effective reverse routes serve only the reverse market.

Overall, the best performing routes are in the inner suburban category and serve all three markets.

Fixed Route Ridership Concentrations

Just over 50% of Pace's fixed route ridership is provided by 25 heaviest utilized fixed routes. These routes are all in the inner suburban service classification (with one exception) and serve multiple markets.

The following table summarizes the level of ridership by the number of routes and identifies their classification and markets served.

Table 22. Pace Fixed Route Ridership by Route Concentration

Route Rank*	Percent of Total F.R. Ridership	Cumulative Percent	Predominant Classification	Market Concentration
1-25	50%		Inner	Sub-City Sub-Sub City-Sub
26-75	31%	81%	Inner (Some Satellites Outer and Rush)	Sub-City Sub-Sub
76-109	10%	91%	Satellite (Some Inner and Outer)	Sub-Sub Sub-City
109+	9%	100%	Feeder (Some Rush, Outer and Satellite)	Sub-City

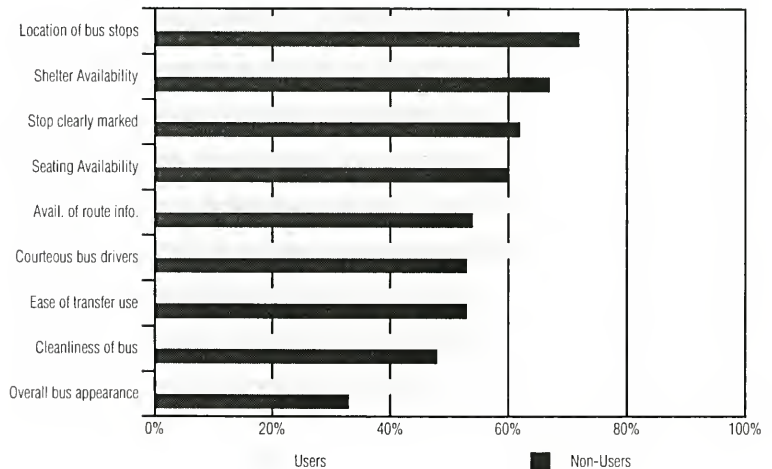
*Based on 1993 Average Daily Ridership

Importance of Pace Service Features

Users and non-users were asked to rate the importance they place on various aspects of using bus service. While the user evaluations are more significant in that they represent the priorities of our existing customers, the non-user input is of value in determining what aspects of service might attract non-users.

The following graph depicts the response level by item for those placing a high level of importance (9 or 10 rating) on the feature.

Chart DD. Importance of Features for Using Bus (Pace) For Commute



% of Respondents rating features 9 or 10 on a 10-point scale, where

1 = Not At All Important and 10 = Critically Important

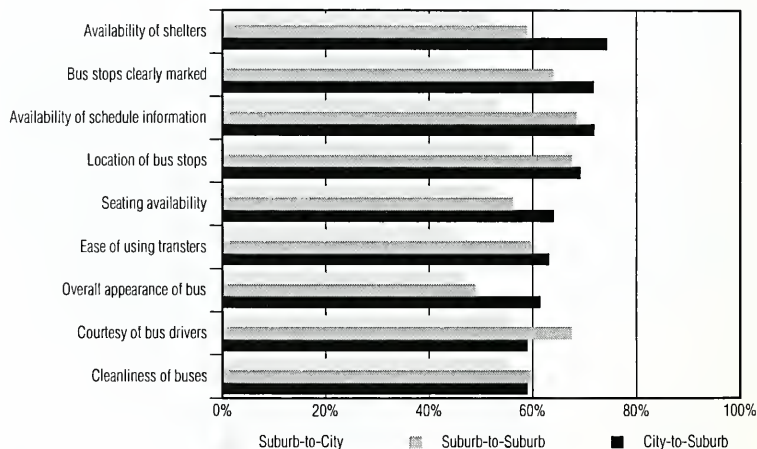
* Non-Users asked to rate features on importance if they were going to use the bus for at least part of their commute.

All features received comparable importance ratings by our customers. The top three were stop location, ease of obtaining schedule information and driver courtesy. Pace users placed a greater importance than non-users on ease of obtaining schedule information, driver courtesy, overall appearance and cleanliness of the buses. This is expected as they are key aspects of use.

In terms of market differences, suburb-to-city users placed a slightly lower priority on clearly marked stops, ease of using transfers and overall bus appearance. This may be due to the fact that these areas are better satisfied, therefore, less of a concern in this market. In contrast, city-to-suburb users placed a higher significance on shelter availability, clearly marked stops, ease of obtaining schedule information and stop location.

The following chart depicts the importance of features by market for Pace customers.

Chart EE. Importance of Features by Market (Pace Customers)



Subscription Bus and Vanpool

While mainline fixed-route bus service is Pace's main method of service delivery, the scope of Pace service in the journey-to-work market also includes subscription bus service and vanpool services. (To a lesser extent, dial-a-ride and ADA paratransit also serve this market but usually only as a lower priority after seniors and trips for individuals with disabilities. For this reason, D-A-R and ADA services are not addressed.)

Vanpool and subscription bus services were created to round out Pace's scope of service offerings particularly to address low volume and low density market concentrations. By doing so, these services complement rather than compete with Pace fixed-route services.

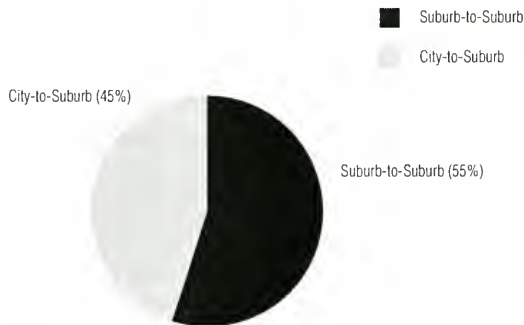
The following discussion summarizes the situation for these two service types from a market perspective.

Subscription Bus

Subscription bus service was originally created to address the transportation needs of relocating employers. Much of the employer relocation activity in the region involves movement from either the city or inner suburban ring to more outlying suburbs. In these cases, employees who relied on transit for their journey-to/from-work found that service was often unavailable to the new site. Pace initiated subscription bus services for relocating employers such as Allied Van Lines, Rockwell International, and Sears; the program was designed to recover 60% of its cost from fares (and/or employer subsidies) and routes were planned around employee origin concentrations and work schedules. Generally, only one trip in the a.m. and a return p.m. trip is provided. Services are contracted to private sector operators.

Of the 13 subscription routes Pace has implemented, two have terminated, one was developed into a rush hour fixed route (Route 737), and ten continue to serve the Sears site in Hoffman Estates. The following chart identifies the market makeup of the current subscription routes.

Chart FF. Subscription Bus Ridership by Market



Total Average Daily Ridership 564 Passengers

**Pace does not provide subscription bus service in the suburb-to-city market.*

The ten Sears routes have a monthly fare of \$88, recover 60% of cost and have a Pace subsidy per trip of \$2.15 (based on billings). Ridership has declined since the routes were implemented in October, 1992, largely due to attrition at Sears. Users of the service have generally rated it well with exceptions in the areas of trip duration and vehicle comfort. In most cases, trip durations exceed 75 minutes as average one-way subscription bus trip is 46 miles long.

Subscription Bus Observations/Considerations

- Subscription bus service is subject to limited opportunities as it relies on employer relocations of sufficient size to generate the required ridership (minimum 30 passengers per vehicle). It may also be limited to longer distance relocations of 20 miles or more.
- Employers are generally not interested in subsidizing subscription bus service or if they are, it is usually only for a limited period of less than one year. Therefore, subscription buses that rely on such subsidies to maintain low fares are generally short lived.
- Even a successful subscription bus route is likely to be of limited duration, perhaps in the range of 5 to 6 years. As members leave the employer or relocate their homes, ridership can drop to below minimum criteria. (We have seen steady declines in Sears subscription bus ridership in the 3 years since implementation.)
- Passengers tend to identify the service as being provided by their employer or by the contractor rather than Pace. This is largely due to the fact that the service is contracted to private operators using their equipment; therefore, the vehicle quality varies from Pace equipment and is not readily identifiable as being a Pace service.
- Subscription bus is important to Pace as another tool with which to address non-conventional transit markets. It works well in the suburb-to-suburb and reverse commute markets and has growth potential as employers continue to relocate. It also has the potential to lead the development of regular fixed-route service.

Issues associated with contractor service quality, cost and Pace's visibility need to be addressed. Many of these areas could be addressed by utilizing the appropriate type of Pace-owned vehicles (suburban configuration coaches) to provide the service. A further potential benefit of Pace-owned equipment would be a reduction in contractor operating costs in some cases. Further cost reductions may also be achieved by operating these services "in house" utilizing Pace employees. A cost/benefit evaluation of the options for providing subscription service should be performed to determine the lowest cost/highest quality service delivery model.

Vanpool

Pace Vanpool Incentive Program (VIP)

The Pace Vanpool Incentive Program (VIP) was designed to address one of the most difficult commute markets for transit—the low density highly dispersed (origin/destination) suburban work commute market.

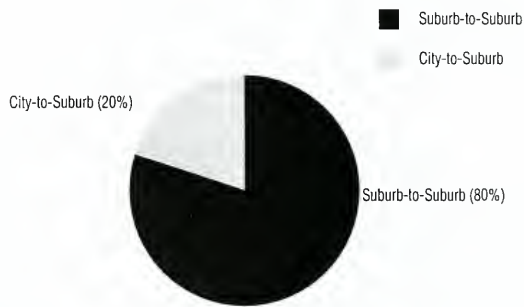
Pace market research identified the vehicle driver as being the key to successful vanpool performance. The program was then designed around the concept of attracting high quality drivers and minimizing the hassle and red-tape typically associated with being a vanpool driver while offering attractive fares and auto-like comfort to passengers. So far, the program has been very successful with over 180 vans in service in its three years of operation. It is the fastest growing public sector vanpool program in the nation.

The average vanpool fare is \$74 per month and VIP vans recover 95% of their operating costs. The program was designed to recover 80% from fares but thus far operating costs (particularly maintenance expenses) have been less than expected. The recovery rate is expected to decline as the fleet ages.

A derivative of the VIP program, the ADvAntage Program is designed to serve the commute needs of individuals with disabilities particularly for job training and employment applications. This program is seen as a cost effective means to both reduce dependence on costly ADA paratransit service while meeting the commute requirements of this segment of the population. So far, over 20 ADvAntage vans have been placed in service. Individual customers that are certified as ADA eligible via the RTA registration process are charged a half fare (from the regular VIP rate). While we know this customer (and driver) market is much different from the regular VIP, we have not conducted consumer research on it as yet. We expect to review this program in the near future.

Market segmentation data for the VIP indicates that 80% of the vans are in the suburb-to-suburb market and 20% are in the city-to-suburb market.

Chart GG. Vanpool Ridership by Market



Average Daily Ridership 3,000

**Pace is not presently serving the suburb-to-city market with vans.*

The heaviest VIP concentration to a single employment site is to the Sears Hoffman Estates location which has 51 vans. The successful penetration to Sears, similar to the subscription bus program has largely been a function of their relocation which disrupted employee commute patterns. Although unlike subscription bus, vanpool does not appear to be dependent on employer relocations as its only source of customers. The majority of the vans in the program were not implemented as a result of employer relocation.

Vanpool Marketing

The vanpool program has been most successfully marketed via employers to their employees by Pace market development representatives. The majority of participants, 86%, learned about the program via employer distributed information. Word of mouth from existing vanpool members also reached 13% of participants and 9% responded to Pace advertising.

It is believed that direct marketing to employers by Pace marketing representatives utilizing supporting collateral materials for distribution to employees should be continued as the primary marketing technique. It is also essential for Pace to enhance its computer assisted matching and mapping capabilities to efficiently identify potential vanpool groups.

Vanpool Market Potential

The vanpool program is expected to grow at a rate of 50 vans per year over the next five years, reaching 440 vans in service by the year 2000. This estimate is based on our limited past experience as the program is relatively new. At this point, it is uncertain as to the upward limit on vanpool market size. Earlier studies have estimated it as high as 2000 vans; however, current thinking is that such a level will not be attainable unless trip reduction sanctions are introduced.

Marketing Strategies

Market Assessment and Business Strategies

The following summary of our strengths, weaknesses, opportunities, and threats is based on the information collected on market trends, our customers, the competition and our service characteristics.

	Suburb-to-Suburb	Suburb-to-City	City-to-Suburb
Strength:	Pace is one of limited choices Large network of routes Auto to bus user potential Suburban population and job growth Pace controls fares	Highest market share Highest choice rider share Best time position Best convenience position Most stable rider base Best service connections Cost advantage over auto	Largest captive base Good service connections Access to suburban jobs Suburban job growth
Weakness:	Less convenient than auto ▪ Time disadvantage ▪ Perceived cost neutral ▪ Limited service ▪ Poor access + wait conditions Difficult to serve due to low densities and dispersed travel patterns	No market growth (CBD jobs) Population decline in inner suburb origin market CTA fares	Less convenient than auto ▪ Time disadvantage ▪ Perceived cost neutral ▪ Very limited service ▪ Poor access + wait conditions Shortest customer retention Most lost customers to auto purchases CTA fares
Opportunities:	Many unserved areas Improve operating speeds/ reduce travel time (TVMS) Improve access/waiting conditions Employee shortages CTA suburban routes Employer relocation Clean Air Act compliance	More Service Direct to CBD ▪ Express bus ▪ Vanpools	Reverse express and subscription routes with city origins Reverse vanpools Improve operating speeds/ reduce travel time (TVMS) Improve suburban access/ waiting conditions Employee shortages Improve awareness of Pace services among city residents Employer relocation
Threats:	Pace viewed as ineffective in this market Telecommuting Further decentralization of population and jobs Employee turnover/ relocations	Further market erosion Declining employment in City Declining population in origin market Declining CTA utilization	Auto competition Employee turnover/relocations

Strength, Weakness, Opportunities and Threats

As described on the preceding page, each market segment does contain opportunities for Pace; however, as also shown, we will have to address some fundamental issues if we are to grow ridership. Our strongest market is clearly the suburb-to-city market where public transportation has its best competitive advantages. The problem is this market is flat at best, though opportunities do exist for transit to recapture market share lost to autos during the 1980's. While our suburb-to-suburb market and city-to-suburb market benefit from the growth in suburban employment the challenges of serving these low density markets will require a higher level of responsiveness to market demands.

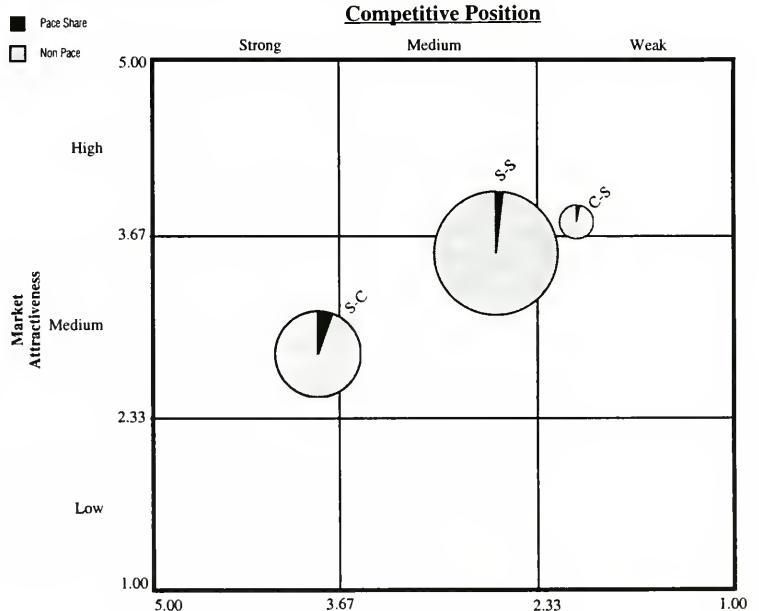
Market Attractiveness and Competitive Position

Business strategy models which take into consideration market conditions and competitive position are useful in identifying generic strategies for consideration in evaluating a given product or service market. An application of one such model is presented on the following page. This particular model scales competitive position against market attractiveness. The factors that comprise each scale are self selected based on their relevance to the business.

The model factors chosen for Pace are identified as follows:

Market Attractiveness	Competitive Position
Market size	Market share
Market growth	Share growth
Population growth	Travel time vs. auto
Employment growth	Cost vs. auto
Population density	Convenience vs. auto
Employment density	Investment
Pace performance	Experience
Transit linkages	
Transit dependency	

Market Attractiveness and Competitive Position



The matrix shown was developed by George Day as presented in his book "Analysis for Strategic Marketing Decisions" and has been modified by Philip Kotler in his book "Marketing Management." The model simply ranks the market attractiveness factors on a scale of 1 to 5 against the competitive position scale. The result is the placement of the market or business into one of nine generic business strategies. The approach is similar to the Boston Consulting Groups (BCG) matrix and the G.E. Business Model for evaluating markets and business strategies. The size of the circle represents the relative market sizes.

		Strategies		
		Invest/grow	Selectivity/earnings	Harvest/divest
Market Attractiveness	High	PROTECT POSITION - invest to grow at maximum digestible rate - concentrate effort on maintaining strength	INVEST TO BUILD - challenge for leadership - build selectively on strengths - reinforce vulnerable areas	BUILD SELECTIVELY - specialize around limited strengths - seeks ways to overcome weaknesses - withdraw if indications of sustainable growth are lacking.
	Medium	BUILD SELECTIVELY - invest heavily in most attractive segments - build up ability to counter competition - emphasize profitability by raising productivity	SELECTIVITY/MANAGE FOR EARNINGS - protect existing program - concentrate investments in segments where profitability is good and risk is relatively low	LIMITED EXPANSION OR HARVEST look for ways to expand without high risk; otherwise, minimize investment and rationalize operations
	Low	PROTECT AND REFOCUS - manage for current earnings - concentrate on attractive segments - defend strengths	MANAGE FOR EARNINGS - protect position in most profitable segments - upgrade product line - minimize investment	DIVEST - sell at time that will maximize cash value - cut fixed costs and avoid investment meanwhile

While these strategies are intended for private sector businesses, which have more freedom to determine which businesses and markets to pursue, they can also help Pace in defining what we should try to accomplish within our markets. The strategy considerations identified by this model and their application to our markets are identified as follows:

Market Segment —Suburb-to-Suburb

Strategy-Selectivity/Manage for Earnings

- Protect existing program
- concentrate investments in segments where profitability is good and risk is relatively low

Pace Strategy—Extend and develop suburb-to-suburb commute options where productivity is good, lower the cost of service via capital investment or direct operation (i.e., subscription routes), heavily promote low cost, high recovery fixed routes and vanpool.

Application to Pace—This market is difficult to serve as evidenced by the productivity of services that exclusively serve it. Best productivity is obtained on routes which combine suburb-to-city or city-to-suburb service. Rush hour only express routes provide strategic linkages but do not perform well. Local and satellite routes perform reasonably well. Subscription bus performs well though it is costly and has limited market opportunities. Vanpool performs well in this market. We should promote the local suburban service aspect of multi-market routes, undertake efforts to reduce the cost of subscription service (consider in-house operation), either provide contractors with Pace equipment or/and evaluate mechanisms to improve the productivity of express routes such as in-house operation, promote vanpool as it is cost effective in this market.

Market Segment—Suburb-to-City

Strategy—Build Selectively

- invest in most attractive segments
- build up ability to counter competition
- emphasize profitability by raising productivity

Pace Strategy—Become more focused on efficient elements, eliminate low productivity elements, reinvest in high potential services.

Application to Pace—This market is our most productive and efficient. We should continue to support and invest in the core inner suburb routes which comprise the bulk of system ridership. We should expect high productivity from routes in this market and reevaluate our low productivity standards for feeder routes. Opportunities to free up resources through the reduction in low productivity services should be used to expand service where demand is high and to introduce new service options which have better productivity and return. In light of transit share losses to the CBD, consideration should be given to providing more direct express service to the CBD utilizing express buses and vanpools. Careful planning and structure of these efforts would be required so as to ensure that we are reducing auto trips to the CBD and not competing with CTA, Metra or ourselves.

Market Segment—City-to-Suburb

Strategy—Build Selectively

- specialize around limited strengths
- seek ways to overcome weaknesses
- withdraw if indications of sustainable growth are lacking

Pace Strategy—Build reverse commute elements of inner suburb multiple market routes. Market fixed route (reverse) connections to CTA. Identify more efficient service opportunities such as express bus, subscription bus and vanpools with City origins.

Application to Pace—This market is small but has grown rapidly during the 80's. It is attractive in that this a high percentage of transit captives in the origin market and numerous job opportunities in the suburban destination market. Our approach thus far has been to rely on the reverse potential of our inner suburban routes and to provide some specific reverse rush hour express routes. We need to create better access to suburban job opportunities to city residents by finding ways to lower the cost of existing express routes via direct operation or provision of vehicles, promoting the suburban employment markets reached by all routes to City residents, and creating new, productive service options.

Year 2000 Marketing Objectives

Pace has set an aggressive long-term goal of reaching 45 million passengers by the year 2000. In order to accomplish this, it will require growth in the suburb-to-suburb and city-to-suburb market segments while stemming losses in the suburb-to-city market. The baseline ridership forecast for the year 2000 is 40.6 million. In order to close the gap between the baseline and our goal, 4.4 million new trips will need to be provided. Programs and activities for developing the new ridership have been identified as follows:

Table 23. Potential Annual Ridership (Millions)

Implement TVMS	.8	-	1.2
New CMAQ Routes	.5	-	.9
Fare Initiatives	.7	-	1.0
Niche Market Services	1.0	-	2.0
Service Restructure/New Fixed Route	1.3	-	2.0
Improved Access & Waiting Conditions	.7	-	1.4
Total	5.0	-	8.5

These efforts combined with our baseline growth objectives are broken down on the following table into annual elements of the 5-Year Plan by market in order to identify the market objectives for 1997.

Table 24. Annual Ridership Goals by Market and Program (Average Daily Ridership)

(Annual in 000's) (Daily is Actual)	1994 Annual Riders	1995 Annual Riders	1996 Annual Riders	1997 Annual Riders	1998 Annual Riders	1999 Annual Riders	2000 Annual Riders
Suburb-to-Suburb	15,999.6	15,539.7	15,681.6	15,916.9	16,155.6	16,398.0	16,643.9
% change to prior		-2.87%	0.91%	1.50%	1.50%	1.50%	1.50%
(daily rider change)		(1,769)	546	905	918	932	946
Suburb-to-City	12,197.6	11,404.9	11,410.9	11,525.0	11,640.2	11,756.6	11,874.2
% change to prior		-6.50%	0.05%	1.00%	1.00%	1.00%	1.00%
(daily rider change)		(3,049)	23	439	443	448	452
City-to-Suburb	4,453.0	4,206.3	4,234.4	4,323.3	4,414.1	4,506.8	4,601.4
% change to prior		-5.54%	0.67%	2.10%	2.10%	2.10%	2.10%
(daily rider change)		(949)	108	342	349	357	364
SUB-TOTAL	32,650.3	31,150.9	31,326.9	31,765.1	32,209.9	32,661.4	33,119.5
% change to prior		-4.59%	0.57%	1.40%	1.40%	1.40%	1.40%
(daily rider change)		(5,767)	677	1,686	1,711	1,736	1,762
Weekend	3,900.0	3,900.0	3,900.0	3,900.0	3,900.0	3,900.0	3,900.0
% change to prior		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(daily rider change)		0	0	0	0	0	0
DAR/ADA	1,562.6	1,616.2	1,649.7	1,722.5	1,785.5	1,815.3	1,846.3
% change to prior		3.43%	2.07%	4.42%	3.65%	1.67%	1.71%
(daily rider change)		206	129	280	242	115	119
VIP	567.0	773.6	971.5	1,174.0	1,377.0	1,579.0	1,782.0
% change to prior		36.44%	25.58%	20.84%	17.29%	14.67%	12.86%
(daily rider change)		795	761	779	781	777	781
SUB-TOTAL	38,679.9	37,440.7	37,848.1	38,561.1	39,272.4	39,955.7	40,647.9
% change to prior		-3.20%	1.09%	1.89%	1.84%	1.74%	1.73%
(daily rider change)		(4,766)	1,567	2,745	2,734	2,628	2,662
New			153.4	387.4	910.0	2,080.0	4,290.0
% change to prior				152.54%	134.90%	128.57%	106.25%
(daily rider change)		0	590	900	2,010	4,500	8,500
Grand Total	38,679.9	37,440.7	38,001.5	38,949.1	40,182.4	42,035.7	44,937.9
% change to prior		-3.20%	1.50%	2.49%	3.17%	4.61%	6.90%
(daily rider change)		(4,766)	2,157	3,645	4,744	7,128	11,162

1997 Marketing Objectives

The preceding table also shows the average daily ridership associated with the annual marketing objectives. For example, the 1997 marketing objective for the suburb-to-suburb market is an additional 905 daily riders (or 452 people taking a round trip). The 1997 marketing objectives can be summarized as follows:

Table 25. 1997 Marketing Objectives (Average Daily Riders)

Fixed Route	
Suburb-to-Suburb	905
Suburb-to-City	439
City-to-Suburb	342
Dial-a-Ride and ADA	280
Vanpool	779
New Initiatives	900
Total	3,645

Strategies to achieve the 1997 marketing objectives are presented in the following section.

1997 Marketing Strategies - Overview

In order to achieve the 1997 marketing objectives, a number of marketing strategies have been identified for each market segment. The strategies are further broken down by the marketing objective being addressed, i.e., "increase existing customer utilization." Lastly, each objective has supporting strategies for pricing, service, promotion and research as necessary. In most cases, as many strategies have been identified as is practical, it is expected that not all of the identified strategies will be implemented due to external constraints or changing circumstances. Therefore, more strategies have been identified than are necessary to achieve the 1997 marketing objectives.

Marketing Strategies to Achieve Short Term Objectives-1997

1997 Marketing Strategies—Suburb-to-Suburb Market

Gain 905 additional daily trips on Pace by increasing utilization rates for existing customers, decreasing the defection rate for existing customers and attracting new customers.

Rationale—10% of Pace customers in this market use the service less than four days per week. Increasing their utilization by one day per week would add over 2,000 trips per day in this market and exceed our objective. Further, the average customer retention period is 64 months (5.3 years) in this market with the major reason for customers leaving being the purchase of a car (46%). Increasing the average customer retention period by only one month would result in a one time increase to the ridership base of 964 riders per day. Lastly, population and employment growth in this market is projected to generate 1.5% or 905 new riders per day (which was the basis of the marketing objective). Given these factors, it is believed that the short term objective for 1997 is within reach.

Strategies for Increasing Existing Customer Utilization Rates (Suburb-to-Suburb)

Pricing Strategies

- *Implement new magnetic striped passes (10 ride, weekly, daily and others) which take advantage of the new farebox equipment.*

Rationale—The new farebox equipment will support a larger variety of pass options which can be structured to increase system utilization.

- *Expand the deep discount "summer pass" mechanism to students in all satellite city markets.*

Rationale—Student ridership drops dramatically during summer months when school is out. This would encourage additional discretionary trip making during summer months. Experimentation with this concept in Elgin in 1996 indicates further expansion is warranted.

- *Allow students to ride at discounted fares at any time (instead of current to/from school/weekday limitations). Expand demonstration in Waukegan to Aurora, Elgin and Joliet.*

Rationale—Encourages additional trip making on Pace and develops customer base for use after leaving school.

1997 Marketing Strategies—Suburb-to-Suburb Market (continued)

Promotional Strategies

- *Promote cost savings associated with using the bus more frequently (i.e., "the more you ride, the more you save.") and leaving the car at home.*

Rationale—Infrequent riders that also drive may not be considering the cost of the occasional auto commute.

- *Promote productive use of time on bus versus driving time.*

Rationale—Infrequent riders that also drive may only be thinking of auto driving benefit of time savings versus Pace as opposed to what can be done during the commute time.

Service Strategies

- *Improve waiting conditions by installing more bus shelters.*

Rationale—Capture lower frequency riders who may not use Pace during inclement weather.

Research Strategies

- *Conduct further research on low frequency riders to determine key factors behind occasional use.*

Rationale—This may identify other factors which can lead to increased utilization.

Strategies for Increasing Customer Retention (Suburb-to-Suburb)

Pricing Strategies

- *Develop a mechanism (via the ticket by mail program) for offering long-term customers a discounted fare mechanism based on longevity.*

Rationale—Offering discounts to loyal long-term customers is often a cost-effective means of reducing customer attrition.

Promotional Strategies

- *Promote and reinforce cost savings associated with continued use of Pace, i.e., the cost of Pace versus buying, maintaining and insuring a car.*

Rationale—Former users cite auto purchase as key reason for no longer using Pace.

- *Promote continued use of Pace to get to work after graduating from high school.*

Rationale—Transitions existing customers (students) into work-trip customers.

- *Develop customer data base and use for direct marketing activities.*

Rationale—Establish a consistent dialog with customers to inform them of upcoming service changes. Can also be used for joint marketing efforts which enhance perceived value of being a Pace customer.

- *Provide behavior reinforcing messages to customers on the bus (via car cards), address areas/behaviors that are important to them, i.e., they are well organized, know value, care about the environment, etc.*

Rationale—Bus users are just as image conscious as non-users and supportive messages can lead to continued use.

1997 Marketing Strategies—Suburb-to-Suburb Market (continued)

Research Strategies

- *Implement a continuous customer satisfaction monitoring system via the use of an on-board survey.*

Rationale—Allows for the rapid and specific identification of quality issues which, if not addressed, may lead to customer defection.

Strategies for Generating New Riders (Suburb-to-Suburb)

Pricing Strategies

- *Implement new magnetic striped passes (10 ride, weekly, daily and others) which take advantage of the new farebox equipment.*

Rationale—The new farebox equipment will support a larger variety of pass options which can be structured to increase system utilization.

- *Implement a round trip ticket that can be used to offer free trial trips to non-users.*

Rationale—Non-users unfamiliar with Pace rate the service lower than do customers. The trial experience can change this perception and lead to repeat use.

- *Utilizing the new farebox equipment, develop a uniform mechanism for employer based fare subsidies, targeted at large employers in well-served markets.*

Rationale—Lowering the cost to use Pace can attract new customers; large employers are generally more willing to consider subsidies if significant service is available and the benefit can be extended to all employees.

- *Utilizing the new farebox equipment, develop a college student fare subsidy or discount mechanism.*

Rationale—Pace serves many community colleges; lowering cost to students through a modest fee or discounted fare structure can foster additional ridership.

Promotional Strategies

- *Promote existence of Pace service and where it can take you to potential customers along existing routes via direct mail.*

Rationale—Non-users perceive that they live farther from Pace service than they actually do; most have no idea where the routes near their homes actually go.

- *Provide more information on how to use Pace service. Continue cable TV effort focused on specific suburb-to-suburb routes.*

Rationale—Non-users have little knowledge of how to actually catch the bus (particularly in unsigned areas), pay their fare, or read a schedule..

- *Create awareness of high cost of driving (and other negative auto aspects) among non-users and savings from using Pace.*

Rationale—Auto users consistently and significantly underestimate their cost of commuting and also believe people use the bus because it's less expensive.

1997 Marketing Strategies—Suburb-to-Suburb Market (continued)

Service Strategies

- *Utilizing budget savings, implement one new route in a high employment/population density market that is presently unserved.*

Rationale—Establishing service in new markets is an effective means of gaining new riders.

- *Evaluate service improvement suggestions generated by employees at mission-vision meetings and implement utilizing budget savings from service reductions.*

Rationale—Modification of existing services can often yield significant ridership gains at minimal cost.

- *Improve/increase the level of service information provided at bus stops on high headway routes in outlying suburbs via expanded signage such as "transit tubes."*

Rationale—Pace has low visibility in these markets and inexperienced riders or potential new customers do not have the necessary confidence level to stand and wait for the bus. A reinforcing message on the sign that indicates when the bus will come will go a long way to eliminate this uncertainty.

- *Increase the number of signs and shelters along Pace routes.*

Rationale—Increases physical presence. Non-users do not have a sense of what areas are served due to our low visibility in many areas.

Research Strategies

- *Conduct research on new users (of less than one year) to determine which factors were critical in getting them to use the service.*

Rationale—Gauge effectiveness of promotional, service, operator and pricing efforts and/or identify other significant factors resulting in use.

1997 Marketing Strategies—Suburb-to-City Market

Gain 439 additional daily trips on Pace by regaining ridership lost due to the CTA pass elimination in 1995 and by increasing customer utilization rates.

Rationale—Pace lost an estimated 12.9% or 5,940 daily passengers in this market as a result of the elimination of the joint CTA/Pace (\$78) monthly pass. The CTA reintroduced an \$88 monthly pass in August 1995 as an interim measure to the implementation of the electronic "smart card" fare collection system in 1997. It is believed that Pace can regain a significant portion of the riders lost in this market by coordinating with the CTA on these pass initiatives, particularly the electronic system. Also, 8% of the Pace customers in this market use the service less than four days per week. By increasing their utilization one day per week, Pace could gain 1,058 daily riders in this market. Actions to address these two areas could result in the 1997 objective being reached.

Strategies to Regain Lost Customers (Suburb-to-City)

Promotional Strategies

- *Promote Pace/CTA pass and Link-up as being the low cost way to commute to the City.*

Rationale—Reminds former customers that transit is cheaper than driving, reinforces savings achieved by these pass options.

- *Create awareness among non-users to CBD of their high cost associated with auto commuting versus lower cost of transit.*

Rationale—Transit has cost advantage to CBD; non-users underestimate their commute costs.

- *Promote service connections to CTA and Metra services via maps and timetables in local suburban press, market in terms of time to downtown, i.e., "50 minutes to downtown via Pace and CTA/Metra."*

Rationale—Consolidated trip times to CBD are faster than auto trip times, minimizes negative perception of time penalty for using Pace.

Service Strategies

- *Pursue electronic card fare collection system in conjunction with CTA.*

Rationale—Over 43% of Pace's customers transfer between Pace and CTA. This system will facilitate these transfers, provide proper revenue accounting, increase pass sales outlets and allow more flexibility in the development of additional pricing options.

- *Pursue joint service promotion and subsidy strategies with Metra.*

Rationale—Shift Metra customers from auto to bus by improving service effectiveness and lowering cost.

Strategies for Increasing Existing Customer Utilization (Suburb-to-City)

Promotional Strategies

- *Promote cost savings associated with always using transit to commute to the City, i.e., if you drive just 5 or 6 times a year, you could have paid for a month on transit.*

Rationale—Occasional drivers may not be aware of full cost of driving to CBD relative to transit cost, also reinforces transit's low cost.

- *Promote use of Pace to connect to CTA/Metra instead of driving and tying up their second car.*

Rationale—Many existing CTA/Metra customers drive to their trip origin rather than use Pace, cite benefits of taking Pace, i.e., low cost passes, make car available for others in family.

- *Improve Pace service information at Metra stations via schedules and displays.*

Rationale—Existing Metra users may not be aware of Pace service.

Service Strategies

- *Evaluate service improvement suggestions generated by employees at mission-vision meetings and implement utilizing budget savings from service reductions.*

Rationale—Modification of existing services can often yield significant ridership gains at minimal cost.

1997 Marketing Strategies—City-to-Suburb Market

Gain 342 additional daily trips on Pace by decreasing the defection rate for existing customers and attracting new customers.

Rationale—The customer retention period in this market at 53 months (4.4 years) is the shortest of all our markets. The major reason for leaving is the purchase of an automobile (60%), which is likely a high customer priority due to the severe time penalty faced by reverse transit commuters (average commute time over 80 minutes). Increasing the average customer retention period by one month would result in an increase of 330 daily trips. Also, suburban employment growth is expected to contribute 2.1% or 342 daily trips to this market and was the basis for the objective.

Strategies for Increasing Customer Retention (City-to-Suburb)

Pricing Strategies

- *Develop a mechanism for offering long term customers a discounted fare mechanism based on longevity (similar to suburb-to-suburb market).*

Rationale—Offering discounts to loyal long-term customers is often a cost effective means of reducing customer attrition.

- *Utilizing the new farebox equipment, develop a uniform mechanism for employer based fare subsidies targeted at large employers in well served markets (similar to suburb-to-suburb market).*

Rationale—Lowering cost of using Pace can reduce defection to auto; large employers are generally more willing to consider subsidies if service is available.

Promotional Strategies

- *Promote cost savings, image, safety and environmental friendly aspects of using Pace contrasted against high cost of auto commuting. Target image building to demographic concentration of employed African American females.*

Rationale—Reverse commuters are image and safety conscious, price sensitive and more concerned about the environment than other groups.

- *De-market auto ownership factors related to cost (i.e., insurance, maintenance) and safety to current users via interior car cards. Compare to favorable transit costs and other opportunities to use the savings.*

Rationale—A reinforcing message for current transit use behavior to delay purchase of an automobile.

Service Strategies

- *Develop more sheltered waiting areas in high employment suburban areas.*

Rationale—Reverse commuters were among the most dissatisfied with shelter availability. This may be due to the contrast between waiting conditions in the City versus outlying suburban areas.

Strategies for Attracting New Riders (City-to-Suburb)

Promotional Strategies

- *Promote suburban job opportunities that can be accessed via Pace to City residents. Tie Pace transit to specific employment opportunities.*

Rationale—Suburban job growth has created a high volume of job openings which can be filled by City residents. Fewer job opportunities exist in the city.

- *Promote general awareness of Pace and specific services to City residents.*

Rationale—Pace's lowest awareness levels (45%) were recorded among City residents.

- *Promote benefits of Pace service to suburban employers having difficulty in filling positions. Make relevant Pace service information available at cooperating suburban employers and through suburban chambers of commerce.*

Rationale—Develop interest among employers in hiring workers from Pace city origin market areas, inform job applicants of Pace service to site.

Service Strategies

- *Reduce travel times by offering faster and direct reverse commute service from inner city locations.*

Rationale—Reverse commuters are concerned with safety on CTA system, total travel time (including transfers) and cost. All of these factors could be favorably impacted by direct Pace service from the city to suburban employment markets.

- *Identify opportunities to implement more services in partnership with Suburban Job Link.*

Rationale—The market for these services is being established by Suburban Job Link, allowing Pace to implement high ridership and recovery ratio routes.

- *Identify potential reverse express applications for existing suburb-to-city express routes (i.e., 855, 355).*

Rationale—These routes primarily serve a single direction market and return trips originate in the City. By changing the return routing, these routes may be able to serve a dual purpose.

- *Evaluate service improvement suggestions generated by employees at mission-meetings and implement utilizing budget savings from service reductions.*

Rationale—Modification of existing services can often yield significant ridership gains at minimal cost.

Dial-a-Ride/ADA

Gain 280 additional daily trips via increased demand for ADA paratransit services.

Rationale—Demand for ADA paratransit service continues to grow as more individuals register to become eligible for the program. Due to the high cost of these services, Pace has been cautious in expanding service so as to meet existing demand. As the Dial-a-Ride/ADA paratransit program is not targeted at the journey-to-work market, this element will not be expanded upon in this marketing plan. Separate compliance plans for the ADA service exist and are being followed.

Vanpool

Gain 779 additional daily trips on the Pace VIP by increasing the number of vans in service by 50 to 280 by mid 1997.

Rationale—The vanpool program has been growing at a rate of approximately 50 vans per year for the past several years and it is believed this growth is sustainable for the next several years. Vanpool program extensions such as the creation of the ADvAntage program and corporate shuttle program have fueled continued growth and further extensions under consideration are expected to create more demand for vans.

Strategies to Add 50 New Vans (779 Daily Riders) in 1997

Pricing Strategies

- *Improve billing and collection of vanpool fares. Alternatives to consider include: outsourcing, implementing a new billing system, improving the existing system. Credit card payment should also be incorporated into these alternatives.*

Rationale—Vanpool billings have been a major generator of complaints with the program.

Promotional Strategies

- *Continue marketing campaign targeted to employers that promotes the advantages of vanpooling to them and their employees. Create and provide materials for employer distribution to employees.*

Rationale—Most vanpools have been formed in cooperation with the employer. The dissemination of information via this channel is most effective.

- *Provide promotional ride matching services to employers expressing an interest in vanpooling.*

Rationale—Identifying clusters of potential vanpool groups is an essential step to group formation.

- *Continue marketing efforts to reach potential reverse commute vanpool groups from the City, particularly in the Hispanic market.*

Rationale—Awareness levels regarding the vanpool program in the City were very low (7%). Hispanic populations are believed to be very receptive to car and vanpooling.

Vanpool (continued)

- *Continue to promote corporate shuttle van program to suburban employers.*

Rationale—New program, need to develop marketing materials and distribute to suburban employers.

Service Strategies

- *Implement reverse commute vanpool program targeted at inner city residents in conjunction with Suburban Job Link and the Bridges-to-Work demonstration.*

Rationale—Carpooling is a popular option in the reverse commute market among hourly workers who would not normally qualify or be aware of the regular VIP service.

New Initiatives

Gain 900 additional daily trips on Pace (all markets) through the implementation of the activities described as targeted to generate new ridership (i.e., TVMS, New CMAQ routes, fare initiatives, niche market services, service restructuring and improved access).

Rationale—These efforts overlap with traditional market segments and may impact one or all segments. For 1997, the new CMAQ routes implemented in late 1996 are expected to generate 700-800 riders per day. In addition, several new routes are planned for 1997. Further, the "ad shelter" program should also be operational and up to 100 additional shelters will be in place.

As in the case of vanpool, there is considerable overlap between new initiative marketing strategies and the marketing strategies for each market. Many of the following strategies will serve one or more markets but are addressed here as elements of the new initiative objective to gain 900 additional daily trips in 1997.

Pricing Strategies

- *In addition to pursuing strategies identified in market sections and vanpool, Pace should pursue the development of a Denver type ECO pass. The pass is sold to employers for all employees resulting in a low unit cost. Utilizing new farebox equipment, pursue pilot program with one major employer in a well-served market.*

Rationale—Lowers cost of transit use to the employee, thereby increases system utilization. Employers are more willing to consider subsidizing programs that are equal for all employees. This approach has significant potential but will require the enhancements afforded by the new farebox equipment. With this equipment in place, Pace will be able to structure an attractive pricing plan for suburban employers interested in subsidizing their employee's trips.

Promotional Strategies

- *Pursue favorable press coverage of all new initiative activities, especially significant service improvements such as the CMAQ routes.*

Rationale—Image awareness building, press articles often reach those missed via other marketing methods.

New Initiatives (continued)

- *Prepare marketing plan for each CMAQ route prior to implementation. Develop employer support in destination markets and employee awareness in origin markets. Consider offering free service for first 30 days to build awareness and customer base.*

Rationale—New service installations often suffer from lack of awareness. Create pre-implementation awareness and interest in the service.

- *Implement CMAQ routes utilizing Pace owned equipment or, if not available, contractor equipment painted in Pace color scheme.*

Rationale—Presence of non-Pace vehicles in new service markets does not create service awareness, harms ridership potential and does not enhance Pace image or presence (i.e. Sears).

Service Strategies

- *Continue with implementation of new CMAQ routes as proposed in suburb-to-suburb and city-to-suburb markets, generate at least 800-900 daily trips.*

Rationale—Expanding service into new markets generates new customers, funding is available and the routes proposed support the comprehensive long range plan (COP).

- *Implement additional "Special Events" buses to major attendance events in the City.*

Rationale—Attracts non-riders to try the service creating a positive impression for future use.

- *Continue implementation "ad shelter" program.*

Rationale—The lack of shelters is one of Pace's weakest service delivery aspects, limited resources prevent expansion of the in-house program. Ad shelters will generate income which will cover maintenance costs and provide income to Pace and participating communities. Install 75 to 100 ad shelters in 1997.

Research Strategies

- *Conduct rapid post implementation ridership studies on new CMAQ routes to determine ridership origins/destinations, motivations, needs, etc. Provide information to operations for immediate service adjustment as necessary.*

Rationale—Need to be flexible and responsive in new service installations based on market/customer requirements.

- *Conduct post implementation acceptance of "ad shelter" program in pilot community to determine public official, customer and general public response.*

Rationale—Use to market or restructure program as it moves forward to other communities.

- *Conduct market analysis of private sector taxi business.*

Rationale—Pace may be interested in pursuing involvement with taxi programs if federal drug/alcohol testing requirements can be satisfied. (Market extension.)

Positioning

The approach taken thus far in the marketing plan—which is to focus on the three major commute markets—creates a dilemma with respect to Pace's positioning. On the one hand, an overall positioning of all of Pace's services and markets is necessary to create the image we are trying to project for all of our services. On the other hand, positioning that does not reflect a meaningful difference to our target markets, which vary by service market, will be ineffective. To resolve this, it is recommended that Pace adopt a global positioning which is broad enough to encompass all service markets, while being expressive enough to allow for supporting positions within each market which emphasize those market characteristics which reinforce positive aspects of use for both users and non-users.

Based on recent market research, it is possible to identify several aspects of Pace service on which both users and non-users basically agree. Some of these aspects of general agreement are negative (such as the availability of shelters) while the majority are positive. The following chart presents a visual mapping of Pace's performance scores as rated by both non-users and users for all markets. In general, non-users rated Pace more negatively than users which is to be expected; given this, a gap of less than 1 point is interpreted to indicate a convergent opinion of both groups.

Table 26. Marketing Positioning (All Markets)

Importance (Scale of 1 to 10)	Pace Performance (Scale of 1 to 10)					non-users users
	5	6	7	8	9	
8.84 convenience		6.39		8.28		
8.87 location of stops			7.39		8.53	
8.75 schedule dependability			7.47	8.40		
8.58 safety				7.58	8.63	
8.54 availability of shelters		6.43	7.03			
8.53 flexibility		6.33		8.01		
8.50 control over schedule			6.83	8.20		
8.41 travel time			7.20	8.22		
8.41 ease of route info				7.51	8.59	
8.39 courtesy of driver				7.83	8.41	
8.37 clearly marked stops			7.37	7.85		
8.29 cleanliness of buses				7.72	8.45	
8.29 seating availability				7.55	8.34	
8.07 ease of using transfers			7.36	8.13		
8.01 cost			7.15	8.13		
7.81 comfort				7.59	8.22	
7.60 overall bus appearance				7.98	8.33	
7.18 relaxation			6.71	7.65		
7.04 concern for environment			6.89	7.82		
6.81 smoothness of ride			7.05	7.78		
6.59 ease of transporting pkg	5.98		7.40			
6.21 privacy	5.66		6.71			
5.85 noise level			6.76	7.00		
4.69 chance to socialize		6.42	6.63			

Positive areas of agreement (in order of importance) center around:

- dependability
- driver courtesy
- cleanliness of buses
- seat availability
- ease of transfer
- cost
- comfort
- overall bus appearance

Also, Pace's safety and ease of obtaining route information were positively viewed by both groups though opinions varied by slightly more than one point.

Clearly the research indicates that **Pace's strongest position is in its image of being dependable, economical, courteous, clean, comfortable and safe.** To a certain extent, this image is unusual in public transportation which is typically viewed as being lacking in these same areas. In this respect, Pace's image is much different than that of a typical urban transit system. While these factors were not the most important in terms of travel decision making (convenience, stop locations, and flexibility were important decision areas with divergent opinions), they do provide a platform from which to create an overall positioning for Pace's services and that is that Pace is different (better) than your average bus company. This positioning is well captured and expressed in the phrase "**Pace—a fresh approach to public transportation.**" This statement was created as a tag line to present a common theme during our last TV commercial campaign. It has the advantage of not only being in place and catchy but more importantly embodies the concept that Pace is unlike typical public transportation service, and this message is an area of agreement for both users and non-users. Marketing from our strengths in this area can lead to increasing the perceived importance of these areas among both users and non-users.

While the "**fresh approach to public transportation**" is a suitable overall positioning statement for the agency, it must be supported by secondary positioning concepts which are relevant to individual market segments. It is essential that these secondary concepts support and reinforce the overall positioning; however, they must also add emphasis to those unique characteristics that exist in each market segment. Unlike the overall positioning of Pace as the "fresh approach to public transportation" which is based on our key attributes and is consistent with both user and non-user viewpoints, our positioning within each market should be based on concepts of particular significance to these submarkets.

Positioning Considerations By Market

Suburb-to-City

- Schedule dependability, safety and travel time are more important in this market than on average. Users are also more cost conscious and environmentally concerned than non-users in this market.
- Demographically, this is our highest educated and income market with the lowest level of transit dependency.
- Of all three markets, this is one where public transportation does have real cost and time advantages (although not always perceived by non-users).

Based on this, advertising to this market should emphasize (in addition to our general positioning constructs) that Pace is the fast, safe and economical way to get to the City (downtown) because our customers save time, money and avoid the hassle (and unsafe means) of driving.

City-to-Suburb

- Cost and safety are more important to this market than on average. Users are also concerned with comfort and flexibility of the service.
- Demographically, this market has a heavy concentration of African-American females who are employed in professional positions. They are heavily transit dependent and concerned with safety and image.
- While this market experiences the longest commute times, this is not a source of dissatisfaction with the service.

Based on this, advertising to this market should identify Pace as being a dependable means of accessing opportunities in the suburban job market. Ads directed to City residents that promote the benefits of having access to these opportunities made possible by Pace that cover these themes should be effective. Image building concepts to connect with these opportunities could include being able to provide well for one's family, (i.e., your family can depend on you and you can depend on Pace) and association with being upwardly mobile by taking a different road to opportunity and growth. Pace should also strengthen and reinforce its image as working in cooperation with suburban employers as this linkage could establish a Pace use travel decision made simultaneously with the employment decision. The city's large Spanish speaking population also needs to be reached with these same messages.

Positioning Considerations By Market (continued)

Suburb-to-Suburb

- Flexibility and control over one's schedule are more important than average to non-users in this market and Pace performance assessments in these areas show a significant difference of opinion between non-users and users. This is consistent with other non-user input which indicates that Pace service is not flexible with respect to suburb-to-suburb commuter needs.
- Convenience and schedule dependability were also highly important to users and non-users alike in this market with Pace being perceived as being inconvenient by non-users more so than in any other market segment.
- Cost was less important to non-users in this market and Pace's cost performance was viewed more negatively than in other segments. This may be due to the lower perceived cost of auto commuting in this market.

While the most noteworthy aspects of Pace's performance in this market are not positive among non-users, users on the other hand are found to hold favorable opinions of Pace service on these same aspects. Of particular note is cost where users rate Pace very favorably compared to non-users.

The challenge in this market will be to change perceptions that Pace is not convenient. Marketing to this segment should stress cost savings, dependability and convenience in an attempt to change established perceptions. The establishment of Pace's presence in outlying areas via the placement of more shelters and signs along routes would also help in this regard. By making Pace more visible and promoting the services' convenience and cost savings, we can establish the service as a valid option to driving to work. It may also be beneficial to increase awareness of the actual cost of driving in this market. Positioning a trade of some convenience for significant cost savings in this market may be an honest and effective way to promote our services in this market.

1997 Communications Plan

Communications Plan to Support the Marketing Objectives -- 1997

The 1997 Communications plan will expand on the promotional strategies to increase existing customer utilization, keep customers longer and attract new riders to Pace services within the three commuter market segments. The Communications Department will use a number of techniques to implement our campaigns, including mass media, direct mail, database marketing, and on-bus car cards. In addition, a close working relationship with Marketing and Development representatives will be maintained in order to properly disseminate printed materials.

Suburb-to-Suburb

Target Audience—Suburban adults between the ages of 24 and 50 who work in the suburbs and either currently drive or take Pace to work. This audience is primarily single and Caucasian, and tends to skew slightly female. A secondary audience is students preparing to go out into the work force, either from high school or college.

Communications Objectives—To reach current customers and encourage them to ride more often, to develop customer relationships which increase customer loyalty and retention, and to reach new riders. For this market in particular, our goal is not only to create awareness and motivate to use Pace, but we will also be focusing on improving non-user's perceptions of Pace.

Communications Message—The economic benefits of the service, and the dependability and convenience of Pace services. The suburb-to-suburb market poses the biggest challenge in communicating an acceptable message, since the benefits of using Pace may not match the perceptions of this audience.

Communications Programs/Media

Television—In 1997, we will be re-evaluating the focus of our television commercials and developing new messages to use for this medium. The creative developed for the new commercial will continue to play a vital role in our objective to change perceptions of suburbanites who live and work in the suburbs. Pace is many things to many people, and our new commercial will highlight the benefits of our many types of services to the many types of users we serve. This will help us achieve our goal of showing that Pace is important to the community for a variety of reasons, and to continue our visibility in the community and with key decision-makers, even if these groups will never use our services. Since television reaches a broad audience effectively and at a relatively low cost, this medium will provide the frequency needed to reinforce our messages which will be important to affect perceptions. Spot television skews toward females, so we can match our market

segment through its use. Television advertising allows us to reinforce the attitudes of our current users, while helping to change the perceptions of non-users. Television not only helps achieve our market strategies, but also helps to create a general awareness of Pace and a positive image of Pace. Television is a key communications tool that can promote the importance of Pace throughout the region by combining sight, sound and motion to deliver a message and an impression that would otherwise not have been received. The new television commercial will support all three markets.

Radio—A new radio commercial will be produced to promote two subjects: the cost savings associated with using the bus versus the high cost of driving, and the productive use of time on Pace versus wasted time driving. These two messages complement each other, and will provide a strong suburb-to-suburb radio campaign to meet our objectives for this market.

Database Marketing—Communications currently has a database with more than 80,000 passenger names. Through our customer database, we can target promotions to encourage current passengers to ride more often, and we can develop a relationship with customers so we retain passengers for a longer time. In addition to promoting existing programs and services, the database will continue to be used to provide our customers with

- an advance copy of any changing schedules on routes they use,
- updates on important Pace information such as fares and new services,
- value-added pricing mechanisms.

Although we will use the database to communicate with all passengers, it best meets the objectives of the suburb-to-suburb market.

Cable Access Programs—We will produce and air special 8 to 10 minute videos on specific routes or services in an effort to educate the public on our services, where they go, how to read a schedule, how to pay a fare, how to exit the bus, and other information. A number of these were completed and aired in 1995, and we will re-implement the program in 1997. This is an inexpensive, additional way to reach suburban residents with specific messages which create awareness, educate, and reinforce our other activities. Although this communications vehicle will be used to achieve the suburb-to-suburb market objectives, it will also create awareness for the suburb-to-city market.

Advertising Shelters—This new program, administered by the Communications Department, will in itself promote the convenience factor of Pace services, and help breakdown the perception that Pace services do not exist in locations near our audience. By having more identifiable bus stops, the public will become more aware of Pace's presence. This could be expanded further once the program is up and successful to include informational stop signs, possibly with advertising on

them to defray the cost of maintaining them and posting information. This should also attract new riders by making them more aware of Pace. In addition, it should keep current customers longer by providing them with better waiting conditions, making Pace more attractive even when the weather is bad. Although this program meets the objectives of the suburb-to-suburb market, it will also create awareness in the suburb-to-city market.

New Program Initiatives—To improve customer information, the Communications Department will be taking the lead on a number of new program initiatives/demonstrations that will benefit all markets, but especially the suburb-to-suburb market. These new programs, including schedule printers on the buses, information displays on the buses, and information kiosks at key transfer sites, will enhance our ability to provide customers with important information on our services. By providing this information, we will be able to provide more information, on a more timely basis. This will encourage passengers to use our services more often, and keep them longer.

Car cards—Based on employee feedback from the mission-vision meetings, the 1997 car card campaigns will be used to promote the many different places Pace can conveniently take passengers. This message will be used for both the internal and external posters. In addition, the posters created in 1996 which reinforce the behaviors of our riders will continue to be used, as these messages still have significant value.

Direct Mail—We will use inexpensive direct mail vehicles, such as Ad-Vo and/or Money Savers mailers, to enhance awareness on Paces services and where it can take passengers. This communications vehicle will be especially useful in reaching new riders, and was identified in the mission-vision meetings by employees as being important.

Fare Promotions—For this market, it is important to implement or expand on the pricing strategies identified in the Marketing Plan. Once that is done, we will promote the new passes and discounts, using a combination of the media identified above. Also, a new round-trip ticket was printed in late 1996, and we will develop a promotional program for its use in 1997. In addition, we will work toward developing a special promotion for the Ticket-by-Mail program. The Ticket-by-Mail program provides passengers with a convenient way to purchase a pass on a regular basis, and also allows us to track regular pass purchasers. By using this information, we will be able to develop additional promotions to give passengers discounts on passes if they are long-time regular riders and monthly pass purchasers. This will help in our objectives to gain customer loyalty and relationships in the effort to encourage passengers to stay on Pace longer and use the services more often.

Printed Materials—To reach the secondary audience in this market (students), brochures will be distributed through high school guidance counselors and college placement offices to promote the importance of Pace in carrying work commuters economically and conveniently. Through the expanded pricing mechanisms targeted at students, they should have already become familiar with Pace during the course of the school year. Through focusing on the opportunities Pace brings in transporting the public to work, we should either gain the students as new riders, or keep them as current riders. As suggested by employees at the mission-vision meetings, a “student user guide” will be developed, produced and distributed to encourage students to ride Pace services.

Public Relations—Public relations will strengthen the message identified for the suburb-to-suburb commuter through strategically placed press releases, meetings with editorial boards regarding new or innovative programs or services, environmental benefits of using public transportation, cost benefits of using public transportation, the high costs of driving and owning a car, and Pace’s reputation for dependable, friendly service.

Suburb-to-City

Target Audience—Suburban adults working in Chicago between the ages of 24 and 50 who have a fairly structured work schedule and currently either drive or use public transportation to get to work. This audience is Pace’s most educated, with higher income levels and lower transit dependency than other markets. The demographics of this audience tend to be primarily Caucasian and married, and skewing slightly female.

Communications Objectives—To reach lost customers and current customers with reinforcing messages on Pace’s strengths in this market, encouraging them to return to Pace, and to use Pace services more often.

Communications Message—The dependability, time and safety benefits of using Pace services.

Communications Programs/Media

Television—The new television commercial will continue to feature Pace’s strong competitive position in this market: dependability and reduced travel time. This message, although not the entire focus of the commercial, fits in well with our positioning objectives for the Suburb-to-City market segment. The television ad will reinforce the positive aspects of using Pace, and will stress the importance of Pace to the region as a whole. By using spot television effectively, we reach our target audience efficiently.

Newspaper—Advertisements will be created that highlight the many convenient connections to Metra and CTA stations, and the time it takes to get to Chicago from specific suburbs. Dependable, timely service will be the focus of these ads, targeting current drivers whose commute times exceed our service times. Fare option information will also be included. Media buys primarily will be through local papers, with some Chicago Tribune purchased by suburban zones.

Radio—Radio ads will be created to promote Pace connections to CTA and Metra as the fastest and most economical way to travel to Chicago. By placing these ads during “drive time” on radio stations and doing traffic sponsorships, this will target the auto user currently driving, while still reaching the current Pace user and reinforcing their decision to use public transportation.

Internet Marketing—Since this is our most educated audience with the highest income, it is assumed that many of them have a personal computer at home. With this in mind, we will continue to implement communications efforts on the Internet, including access to general Pace information as well as specific route information and promotional information on fare options. The Internet is a two-way communications vehicle, so in addition to having this information available, the Communications Department will be answering specific questions received through Internet E-mail. This is a way to attract new riders, and provide current riders with a wider range of route knowledge on our system.

Joint Metra Promotions—With Metra’s assistance, Pace information will posted at Metra stations promoting Pace service to the station. This also was identified by the employees at the mission-vision meetings as an opportunity to generate more riders on our services in this market.

Fare Promotions—To generate additional awareness on the cost effectiveness of Pace services, we will continue to promote the CTA/Pace everyday monthly pass, along with the Link-Up, using a combination of the media identified above. The previously mentioned Ticket-by-Mail program that we plan to develop in 1997 will help in our objectives to gain customer loyalty and relationships in the effort to encourage passengers to stay on Pace longer and use the services in this market more often.

Public Relations—Again, the public relations efforts in this market will strengthen our image through strategically placed press releases, meetings with editorial boards regarding new or innovative programs or services, environmental benefits of using public transportation, cost benefits of using public transportation, and Pace’s reputation for dependable, friendly service.

City-to-Suburb

Target Audience—Single African American women between the ages of 24 and 50 who live in the city and work in the suburbs.

Communications Objectives—To enhance current customer loyalty through developing strong relationships, and to attract new riders to Pace.

Communications Message—Pace provides a safe, reliable and economic way to reach jobs (thus better opportunities for an improved life-style) in the suburbs from the city.

Communications Programs/Media

Television—Like the other market segments, television will support the objectives for our reverse commuters. Again, television on our spot media buys will both create awareness and reinforce favorable attitudes. In addition, the television spots boost the image of the Pace users, which is particularly valuable for this audience.

Radio—Since radio can be targeted to specific ethnic and demographic markets, we will continue to use it as a primary communications tool to achieve our objectives in this market segment. Radio ads that highlight the suburban employment opportunities accessed by our connecting services with CTA, have been effective in this market and will be re-used. In addition, we will create new ads that promote the cost-savings, improve image, and safety aspects of Pace services. This medium will be especially valuable in generating additional awareness of Pace.

Newspaper—We will continue to advertise in the Job Section of the Chicago Sun-Times classified section, using reverse-commute specific ads. Not only can we develop a presence as the most economical and dependable way to get to many employment centers, but we will also be able to communicate how Pace can provide opportunities for an improved life-style by providing transportation options to better paying jobs. These ads will attract new riders, and will also reinforce the decision of current riders who continue to look for better jobs. Thus, as they do get better jobs, we can keep them as riders, even though their financial situation improves. In addition, we will pursue having our employer contacts include Pace service information in their job recruiting newspaper ads.

Fare Promotions—In this market segment it will be extremely important to continue to communicate the value of a joint Pace/CTA monthly pass. By continuing to offer an economic transportation solution, we should be able to retain these passengers longer, and attract new ones. As mentioned above, a Ticket-by-Mail promotion will be developed. In this market, we hope that the Ticket-by-Mail program will attract

city residents who would otherwise purchase their pass from the CTA. By offering the pass through the convenience of the mail, we should be able to generate additional revenue that would otherwise go to the CTA.

Car cards—As mentioned in both the previous market segments, the car card campaigns that were developed last year will continue to be used to reinforce our current passengers' decision to use Pace and promote the cost benefits of Pace versus driving.

Printed Materials—To reach the reverse commute market just entering the job force, we must approach recent graduates. By distributing brochures to employers, temporary agencies, college placement centers, high school counselors, job fairs, unemployment centers, and job placement agencies, Pace will be able to create awareness about the reverse commute services. By opening up a larger area throughout the region for people to look for jobs, Pace creates opportunities for life-style improvements.

Employer Promotions—Printed support that explains how Pace can solve suburban organizations' staffing needs will continue to be used. Many suburban employers have expressed concerns on how to attract quality employees to their clerical and technical ranks. Pace can be the solution.

There are additional target audiences which fall across the three commuter market segments. For each audience, an individual communications plan has been identified.

Hispanic Market

Target Audience—The Hispanic Market is a large and growing segment of the population in the Chicago-area region. Because research shows that this audience is supportive of public transportation, vanpooling and carpooling, Pace made a significant Communications effort to reach this market in 1996. Although the Hispanic audience primarily is in the suburb-to-suburb commute market (mostly satellite cities) and the city-to-suburb commute market, their importance requires a separate Communications Plan.

Communications Objectives—To introduce Pace to potential riders and increase awareness and ridership on Pace's regular services and vanpool services in the Hispanic market.

Communications Message—Pace provides a reliable and economical way to reach jobs in areas of the region the target audience never thought they could get to (thus, better opportunities for an improved life-style).

Communications Programs/Media

Radio—Hispanic Radio is the most effective way to communicate to this audience. Radio commercials in Spanish have been created specifically to target the Hispanic Market, including one that specifically promotes Pace's Vanpool program. Research shows that this audience continues to be very loyal to two major Spanish-speaking radio stations: WOJO-FM and WIND-AM. Pace has used, and will continue to use, these stations to reach the Hispanic Market.

Community Events/Hispanic Festivals—Research indicates that it is very important for advertisers in the Hispanic Market to become involved in the Hispanic Community. While this audience is very loyal once it has accepted an advertiser, it is necessary for community involvement before the acceptance is achieved. As a result, the Communications and Marketing and Development Departments have been active participants in Hispanic festivals and local community events.

Spanish-speaking Phone Line—As part of our Hispanic campaign, Pace's Passenger Services Office continues to staff a phone line specifically for Spanish-speaking callers. This number is promoted for all Hispanic-targeted advertising. Again, research shows that while the majority of this audience is bi-lingual, they prefer to speak in their native language, Spanish. In addition, we will begin providing information about this line on our Division voice mail systems.

Printed Materials—We will expand the availability of Pace information in Spanish. Specific information to be made available in Spanish includes:

- timetables for all satellite services and other select routes,
- vanpool promotional information,
- fare information and car cards,
- reverse express service information,
- Spanish ads promoting Pace service to job opportunities,
- Pace Riders Guide.

Vanpool Services

Target Audience—Employers, both suburban and Chicago. The Communications Plan for this service will be redirected. Instead of general awareness campaigns to the public at large, we will focus on reaching the employer. Now that the program is expanded to allow vans to go from the suburbs to the city, it is a program that crosses all three markets. Because of that, and the specific target audience, message and objectives, it has been set apart from the primary Communications Plan.

Communications Objectives—To create awareness about the vanpool program and increase the number of vans in operation.

Communications Message—Employers can offer their employees an economical, flexible and reliable commuting option. At no cost to the employer, vanpooling will help the employers reach a broader employee base, keep employees longer, increase dependability, and have employees arrive at work with less stress.

Communications Programs/Media

Direct Mail—Promotional materials will be developed for a direct mail to Human Resource managers at companies in the city and the suburbs. This brochure will highlight the benefits to both the employers and the employees. It will include a business reply card for either further information or for a Pace representative to contact them.

Magazine/Business Publications—We will investigate the efficiency and cost benefits of supporting the Direct Mail program through Human Resources industry publications, and company decision-makers magazines and publications. Although sometimes this can be very costly, it is an additional way to enhance the image and benefits of the program.

Printed Materials—A variety of printed materials will be developed to support the Pace representatives in their efforts to sell the vanpool services to companies. Specific communications pieces, which will also support our reverse commute efforts, corporate shuttle program, and van program to the City of Chicago, will include:

- a brochure outlining Pace's employee matching program, showing how easy it is to identify clusters of employees who live near each other. By taking away some of the work that the employers need to do, we should be able to attract new companies to the program,
- a brochure targeted specifically to employers listing the benefits of this program to their company,
- a brochure that will be created specifically for employees of interested companies. This brochure will be produced as companies begin a working relationship with Pace, and would include both Pace information and the specific company logo and information. This would include unique opportunities that the company may allow or be offering, and would be distributed to all employees by the employer,
- the current VIP brochure and video will continue to be used by Marketing and Development representatives as they call on employers.

Special Events

Target Audience—Suburban adults who have never used Pace services before and drive to major Chicago-area events. Although this would primarily help awareness and ridership in the suburb-to-suburb and suburb-to-city markets, it is separated from those markets due to the individual programs developed for each service and the different objectives and messages identified.

Communications Objective—To increase awareness of Pace, its services and its park-n-ride facilities, to provide an opportunity for non-users of Pace to experience our fixed-route services, and to increase ridership on these services by developing an occasional rider base.

Communications Message—Taking Pace to major attendance events in the Chicago area is the most convenient, economical, and reliable way to go.

Communications Programs/Media

Radio—These special event services to major events, as they are developed, are promoted using specific radio stations that target very specific audiences who have an interest in the particular event. The radio in general also helps to create an additional awareness level for Pace throughout the region, and ties in with the "Fresh Approach to Public Transportation" theme since we are trying to reach new markets in an innovative way.

Newspaper—Ads promote the individual services in local papers and/or Tribune supporting the message and the service. This enhances the radio advertising, while providing more in-depth information on the services and where to call for information or purchase tickets.

Wrapped Bus—Since we have the opportunity to advertise on our own buses at no cost for the space, we have used our buses as traveling billboards for these special events services. They have received much recognition, and once it is seen at the event, it generates awareness and enthusiasm for the service.

Printed Materials—Individual flyers, posters and brochures are created to distribute to participating establishments and customers who call for information. In addition, a special line has been dedicated for information on special event services in order for us to track response rates. As indicated by the number of calls and the ridership on these services, they have been very successful.

New CMAQ Routes

As new routes are developed using CMAQ federal funding grants, the Communications Department will write individual plans for each service. The plans will be structured as this one, with the target audience identified, the objectives and messages stated, and a media and budget outline. Our public relations efforts will play an important part of these Communications Plans.

Table 27. 1997 Communications Budget

The 1997 Communications Plan will be implemented with a total budget of \$1,093,900, which is the same amount as the 1996 budget. It is an aggressive plan that will be achieved through effectively reaching targeted markets with efficient media buys. The following information breaks down the expenses for the communications' programs.

Advertising Media (Including Production)	\$ 917,900	
Television	\$ 510,900	
New Production		\$ 185,000
Spot		\$ 300,900
Cable Access		\$ 25,000
Radio	\$ 287,000	
Hispanic		\$ 75,000
Reverse Commute		\$ 50,000
Suburb-to-City		\$ 40,000
Suburb-to-Suburb		\$ 32,000
Special Events		\$ 90,000
Newspaper/Magazine	\$ 120,000	
Suburb-to-City		\$ 30,000
Reverse Commute		\$ 40,000
Special Events		\$ 40,000
Vanpool		\$ 10,000
Printed Materials (Including Production)	\$ 108,000	
Car Cards	\$ 30,000	
Brochures	\$ 63,000	
City-to-Suburb		\$ 10,000
Suburb-to-Suburb		\$ 10,000
Hispanic		\$ 10,000
Vanpool		\$ 23,000
Student		\$ 10,000
In-house Projects	\$ 15,000	
Direct Mail	\$ 25,000	
Database Mailings	\$ 20,000	
Vanpool	\$ 5,000	
Other Promotions	\$ 38,000	
Photography	\$ 5,000	
Yellow Pages Advertising	\$ 30,000	
Miscellaneous	\$ 3,000	
Marketing Research	\$ 5,000	
TOTAL:	\$1,093,900	

1997 Market Research Plan

Introduction

As part of the Strategic Planning Department, the Market Research section is committed to the development of transportation needs and priorities based on sound marketing and research principles. Through the use of primary and secondary research tools, our goal is to support the company's vision/mission statement as developed in VISION 2000 and achieve the following:

- increase customer satisfaction through the implementation of a Customer Satisfaction Index program (CSI),
- support existing services by identifying customer needs and increasing customer loyalty,
- focus on growing markets by providing analysis on market segmentation, customer demographics and shifts in major market segments,
- support the development of new pricing options from the customers perspective utilizing new farebox technologies,
- explore new passenger amenities and improve existing ones, and
- identify new market opportunities through analysis of customer responses from the information obtained from the two phases of the User and Infrequent User studies and from other external transit studies.

Market Research Projects

In 1997, Market Research will continue to focus its efforts on the customer (frequent, occasional, new, corporate, non-user) and the market areas served. Projects will fall into three main categories: the customer satisfaction index program, ongoing research support projects and new projects as identified in the marketing plan. The major projects are described as follows:

Customer Satisfaction Index Program (CSI)

The purpose of the CSI is to provide management and employees with a tool to monitor and evaluate customer satisfaction with services offered. Customers will continually rate elements of Pace fixed route service that were determined to be critical to continued use of service.

The CSI will commence on January 5, 1997. CSI questionnaires will be distributed to customers on-board buses on a random sample one-way trip basis between January 5-April 26, May 4-August 30, and September 6-December 26. Every four months the CSI will be calculated for each of the 11 reportable index units (9 Pace owned divisions, 1 private contract carrier peak service routes, 1 private contract carrier all day service routes including Highland Park service) and then combined to provide a System Index.

The results will be shared with customers through special newsletters and in the Rider report. Results will be communicated to employees at all levels so that employees have an opportunity to see how their work efforts impact ridership. A management process will be in place to review the CSI, discover the most important elements to focus on, determine what information needs to be obtained, sketch out potential actions that can be taken and determine solutions that will quickly and effectively increase customer satisfaction.

A UWP Grant of \$126,000 was awarded to Pace for FY97 to support the CSI program.

Research Support Projects

Ad-hoc studies—Market Research will continue to serve internal clients by performing ad hoc marketing research studies in response to requests from all areas of the company. As in the past, Market Research staff are assigned to respond to requests from Communications, Marketing and Development, Operations Planning, Vanpool and other areas for their market research needs. In some instances, special studies are undertaken, in other cases existing data is reconfigured to yield the necessary information. Most often, Market Research responds to clients by customizing surveys for route structure changes, changing market conditions and targeting service to special companies and/or communities. It is expected that a comparable level of special project work will also arise in 1997. Market Research will also oversee the second companywide employee survey in 1997.

User Study—In 1996, Pace implemented Phase I of the User study by conducting an on-board user survey. Over 17,500 questionnaires were completed. The results of the survey will be published by March, 1997. In addition, Market Research will implement Phase II of the User study by conducting a mailback survey of randomly selected customer respondents taken from the Phase I database. This survey instrument will explore customer issues on Communication, Marketing and Operational Service.

Title VI—User Survey - To comply with Federal Government regulations, it is necessary to collect transit use information on minority routes. Market Research will conduct on-board customer surveys specifically designed to answer the needs of federal regulators with respect to Title VI. Working with Operations Analysis, a random sample of fixed route service runs will be pulled and surveyed.

O'Hare Express Service—Market Research will support the Marketing and Development Department in the development of service to O'Hare Airport via primary and secondary research techniques.

Customer Data Base—Market Research will work with the Communications Department in the development of a customer data base segmentation to be used in targeted research projects.

Marketing Plan Support

CMAQ—New routes introduced through CMAQ will be evaluated by conducting on-board written or interview surveys to assess ridership shortly after route implementation. The results will be shared with Operations for immediate service adjustment as necessary.

Ad Shelter—Working with Communications and the ad shelter agency, Market Research will conduct post implementation acceptance of “ad shelter” programs in pilot communities to determine public official, customer and general public response.

Low Frequency Rider Study—Using the results of the User Study and the continuous CSI, Market Research will focus on analyzing the characteristics and behavioral patterns of Pace’s infrequent riders to identify the reasons for occasional use and to develop strategies for increased utilization.

New Users—Further research will also be conducted on new customers to identify major factors contributing to the Pace use decision.

Taxi Study—Market Research will provide analysis and secondary research as needed to support efforts in the development of public sector “taxi” service.

New Initiatives—New product/amenities studies will be completed to provide the company with a vision for the future. Areas such as new fare cards, new bus configurations, tickets-by-mail, system/route map studies, park-n-ride and transportation center studies and other on-board amenities will be evaluated through focus groups targeted for each specific purpose.

Table 28. Market Research Project Summary—1997

Project	Item/Mechanism	Completion Date	Estimated Manpower	External Costs
Customer Satisfaction Index Program	*Total Covered by UWP Grant			\$74,000*
	Consultant fee-CSI general	6/97	27 weeks	\$50,000*
	Consultant fee -statistics	5/97	12 weeks	\$ 7,000*
	CSI Adm. Employee (P/T)	6/97	27 weeks	\$10,000*
	Printing equipment	4/97		\$ 3,000*
	Supplies/Misc	12/97		\$ 4,000*
	Other			
	CSI Adm. Employee (P/T)	12/97	25 weeks	\$ 8,000
	Miscellaneous Expense	12/97		\$ 3,000
	Development & Delivery of Reporting Process	12/97	17 weeks	
Ongoing Research Projects	Ad hoc projects	12/97	70 weeks	
1996 User Study	Analysis and Report Data Input	4/97 2/97	12 weeks	\$ 5,000
User Study - Phase II	Distribution Costs Analysis & Report	8/97 8/97	12 weeks	\$ 5,000
User Study - Phase III	Low Frequency Riders	12/97	10 weeks	
User Study - Phase III	New User study	12/97	10 weeks	
Title VI Survey	On-board survey	11/97	8 weeks	
CMAQ Surveys	On-board surveys	12/97	9 weeks	
Ad Shelter Study	Target market studies	12/97	15 weeks	
O'Hare Express Service	Implementation Plan	10/97	20 weeks	
Taxi Study	Secondary research	12/97	As needed	
New Product/Amenities Studies	Primary/secondary research	12/97	24 weeks	
Total Staff requirements: 5.0 equivalents			259 weeks	\$21,000
Distribution of Staff Time: .				
Customer Satisfaction Index		25%		
Ongoing Departmental Research Projects		40%		
Marketing Plan Projects		35%		

1997 Sales Plan

Introduction

Pace's 1997 Sales Plan describes the major activities that Marketing and Development staff will concentrate their efforts on this year. This plan's primary objective is for staff to focus on activities that increase ridership, as well as provide a reasonable recovery ratio for the company. Eighty percent of Pace's passengers use our service to get to work. Marketing and Development's primary target market will continue to be employers, employment agencies and organizations working to place people in jobs. Schools, shopping centers, and "Other" markets comprise the remaining twenty percent of our passengers' trip destinations, and will be addressed as a secondary market. The Sales Plan is divided by the markets identified in the Marketing Plan, such as suburb-to-city, suburb-to-suburb, and city-to-suburb.

Suburb-to-Suburb Market

Pricing Efforts

Electronic Fare Cards—Marketing and Development will continue to implement a sales plan for the new magnetic striped passes as they are developed to our pass sale clients. Although our monthly and 10 ride passes are most popular, this technology will allow Pace to test demand for weekly and daily passes.

Pricing Efforts (continued)

Student Passes—To target student ridership, Marketing and Development staff are in the process of developing a sales plan to expand the deep discount "summer pass" for students in the four satellite cities. A second part of this program is to allow students to ride at discounted fares at any time (instead of to/from school on weekdays). Activities will include contacting schools, and arranging to sell passes at the schools and other locations. A timetable is currently being developed for this program, which will be implemented during the first half of 1997.

Round Trip Tickets—Marketing and Development staff will use the free round-trip tickets as a promotional item to encourage non-users to try Pace service. Venues where these tickets will be used include: employer promotions, "Transit Days", expos, festivals, and shopping center promotions. Utilization of these tickets will be tracked and reported to gauge effectiveness of the promotion.

Employer Subsidy Pass—Development of the employer subsidy product has moved forward in 1996. Marketing and Development staff have identified a target employer to test this program in 1997. The pilot project will be implemented once this new farebox equipment is operational. Results of this test will determine the direction this program takes.

College Subsidy Program—Discussions were held with a number of community colleges in 1996 about a subsidized pass program. Oakton Community College expressed the most interest. They became a “regular” pass sale outlet in 1996 as a result of Marketing and Development’s discussions.

Any subsidy program will require approval of a college’s board. These schools, like Pace, face very tight financial conditions. This type of program has been most successful at major universities such as the University of Illinois-Champaign and the University of Wisconsin-Madison. Some key ingredients for success include high transit usage on campus, a parking problem, and (preferably) many students without cars. No school in Pace’s service area (with the exception of Northwestern University) meet all three of these conditions. Northwestern has more CTA than Pace service. Given these factors, we need to tailor our program to fit a junior college or small college market. Three colleges will be targeted for a program proposal in 1997.

Promotional Efforts

Marketing and Development staff will continue to promote existing fixed route service to our suburban client base. Staff will target individual employers (with over 100 employees) and business groups such as Transportation Management Associations (TMA’s), Chambers of Commerce, and related organizations to create awareness of Pace service and identify opportunities to increase ridership on existing services.

We will continue to promote Pace service to major shopping centers, with emphasis on additional service provided during the Christmas shopping season. Pace service can usually bring shoppers and workers closer to the center than driving, and this message should be emphasized as part of this campaign.

We will be promoting our services in the Joliet area in mid-April at an Expo sponsored by the Joliet Region Chamber of Commerce and Industry. This Expo is being held at Louis Joliet Mall and will allow Marketing and Development to promote Pace’s fixed route and special services, as well as the new Illinois Department of Transportation Park and Ride located near the mall.

Service Efforts

New Service Opportunities—As in 1996, Marketing and Development staff will prepare a list of service needs by their respective territory. This list is based upon input they receive in working with the business community. This list will be sent to Operations Planning for their review and follow up. In addition, Marketing and Development staff will conduct field support activities for service changes initiated by Operations.

Mission-Vision Service Ideas—These suggestions have been generated at each Pace facility. Marketing and Development staff will assist as needed in the marketing of these service changes by contacting employers and other major trip generators along the route. The purpose will be to make them aware of the service changes and to distribute schedule information.

Non-traditional Services—Marketing and Development staff will identify opportunities to implement employer specific transportation services such as train shuttles and satellite facility connections. The objective is to gain full cost coverage from the employer and riders for Pace. At least two such proposals will be made to employers in 1997.

Suburb-to-City Market

Pricing Efforts

Pass Sales Outlets—In 1996, Marketing and Development staff increased the number of pass sale outlets by over 10% and plans to increase the number of locations an additional 5% in 1997. For 1997, we are developing a "How to" manual in connection with Cash Management. This manual will be a step by step process of the pass sale process. We will continue to work to add pass sales locations and work with United Armored to promote corporate sales locations. Since we may go from traditional fare instruments to electronic fare instruments in 1997, Marketing and Development staff will need to work with outlets on the changeover of fare instruments, as well as testing the market for more flexible pricing options.

Service Efforts

Feeder Shuttle Service—Marketing and Development staff is currently working with Operations Planning, Metra and the City of Naperville on a prototype express service from a remote parking lot in Naperville to the Metra Station. Staff will continue to work with Metra and implement marketing recommendations from the (Pace-Metra) joint task force.

City-to-Suburb Market

Pricing Efforts

Employee Subsidy—Marketing and Development staff will review what subsidy opportunities exist at major employers with a large city based workforce. A few employers (Market Facts, Andersen Consulting) currently provide some type of subsidy for passengers. Andersen's subsidy is scheduled to end in February. The promotion of Transit Check will be included under this category.

Promotional Efforts

Relocation Efforts—Much of Marketing and Development's activity is with employers that are relocating from Chicago or an inner suburb to an outer suburb location. We will continue to support these employers by providing employee transportation needs assessments and proposals for Pace service solutions. We expect to provide such support for more than 10 relocations.

Information—In addition to "Transit Days", Job Fairs, and specific promotional brochures, Marketing and Development staff continues to have material distributed to corporate locations through Central Brochure Corporation. A video titled " Making the Right Moves" whose subject matter deals with Pace's services to relocating firms will be released in 1997, and made available to relocating firms and other parties.

Service Efforts

Reverse Express Services—Marketing and Development staff will review opportunities to streamline service, or provide "subscription type" service from inner city or inner suburban locations. A critical mass of employees is necessary to make this type of service successful, and we've had our best success with relocating businesses. Staff will review business relocation plans for 1997 and make recommendations to implement at least two new subscription routes, given ridership and recovery ratios are met.

Suburban Job Link—Suburban Job Link has postponed implementation of routes from the West Side of Chicago to Elk Grove Village to 1997. Marketing and Development will work with Suburban Job Link and Operations to implement these routes.

Vanpool

Gain 779 additional daily trips on the Pace VIP by increasing the number of vans in service by 50 to 280.

Vanpool Promotion—Marketing and Development staff promotes the Vanpool Incentive Program as a regular part of its service offerings to the business community. In addition to Vanpool promotional material, the Vanpool video, and Spanish language vanpool material, the "Making the Right Moves" video aimed at relocating companies will be available in 1997, and will feature the vanpool program as an option. Staff is also working on standardizing promotional material which can be presented to an employer. Each Marketing and Development Representative will be assigned a goal of forming 10 vanpool groups (any category) in 1997.

Hispanic Reverse Commute—Marketing and Development staff will work with groups serving the Hispanic community (through contacts developed through the Illinois Ethnic Coalition) to promote reverse commute services to this market. We will also support the Bridges-to-Work initiative effort to form vanpools in this market by working with employers that are currently partnering with Suburban Job Link.

Corporate Shuttle Van—Due to changes in this program, more shuttle vans were formed in 1996 than in previous years. In 1997, staff will continue to promote this program and develop its reverse commute Metra feeder potential. Marketing and Development staff will also review options for providing for and including driver costs as part of the shuttle package, when requested.

New Initiatives

Service Efforts

CMAQ Routes—CMAQ Routes planned for 1997 include a Waukegan (Gurnee)/Lake-Cook Express, Joliet-Naperville Express, a LaFox-Geneva Shuttle, and Elgin-Huntley Shuttle. Other routes which may or may not be funded through CMAQ include service to O'Hare Airport from Schaumburg and/or DuPage County, as well as additional express routes throughout the area.

Marketing and Development staff have been involved in planning for these services, including working with major trip generators along the route, securing park and ride locations, promoting service to major generators, and will ride the routes to determine passenger reaction during the start-up of service (as in 1996). Staff will also prepare a Marketing Plan for each route and provide input to Operations on market service needs.

O'Hare Service—A business plan will be prepared for Schaumburg-O'Hare service. Marketing and Development staff will meet with the Village of Schaumburg, Northwest Association of Commerce and Industry, Greater Woodfield Convention and Visitors Bureau, and area employers and hotels to determine what these organizations are looking for in service to O'Hare. Ridership and cost projections will be prepared, and potential funding sources identified. If feasible, service will be implemented in the fall of 1997.

Promotional Efforts

Ticket Sales—Marketing and Development staff are responsible for securing sales outlets for tickets for special events services. The sales agreement has been revised so locations can sell more than one special event without requiring new agreements. These agreements now extend beyond one year as a further incentive. New locations will be secured as needed to support new special events services from expanded locations.

New CMAQ Routes—A Marketing Plan has been developed for each route. This plan outlines what activities Marketing and Development staff will undertake to promote the new service. 1996 activities included direct mail, promotion at "Transit Days", and articles about service in office building newsletters. In addition, staff promotes service to respective chambers of commerce and business groups in the areas served by the route.

Table 29: Marketing and Development 1997 Goals and Objectives

Activity	Goal
<i>Employer Outreach:</i>	
Increase phone contacts by 200 from 4,038 in 1996 to 4,240 in 1997	Increase phone contacts 10%
Increase meetings from 624 in 1996 to 686 in 1997	Increase meetings by 10%.
Increase letters from 1,460 to 1,533	Increase letters by 5%.
<i>Vanpool:</i>	
New vanpool formation	Increase program by 50 vans in 1997, reaching 292 vans in service by year end. Each representative is responsible to form 10 new vanpool groups.
<i>Routes/Service:</i>	
New subscription route formation	Form at least two new subscription fixed routes as a result of employer relo- cations.
New reverse express routes	Implement two new suburban job link routes from Chicago to Elk Grove.
CMAQ service	Implement marketing plan for each CMAQ route established in 1997. Secure at least one park-n-ride location for each new CMAQ route (if applicable)
New facility service	Preparation of marketing plan for each new park-n-ride location established in 1997.
O'Hare service	Preparation of service plan and implementation of service to O'Hare from Schaumburg.
Fixed route ridership	Identify market opportunities to add at least 250 daily riders to existing fixed route services.
Non-traditional service	Implement at least one new employer funded service program.

MF4872(97)
3-17-98
5-26-98